

ASIA

ECONOMIC HISTORY
OF
CHOSEN

COMPILED IN
COMMEMORATION OF
THE DECENNIAL
OF THE
BANK OF CHOSEN

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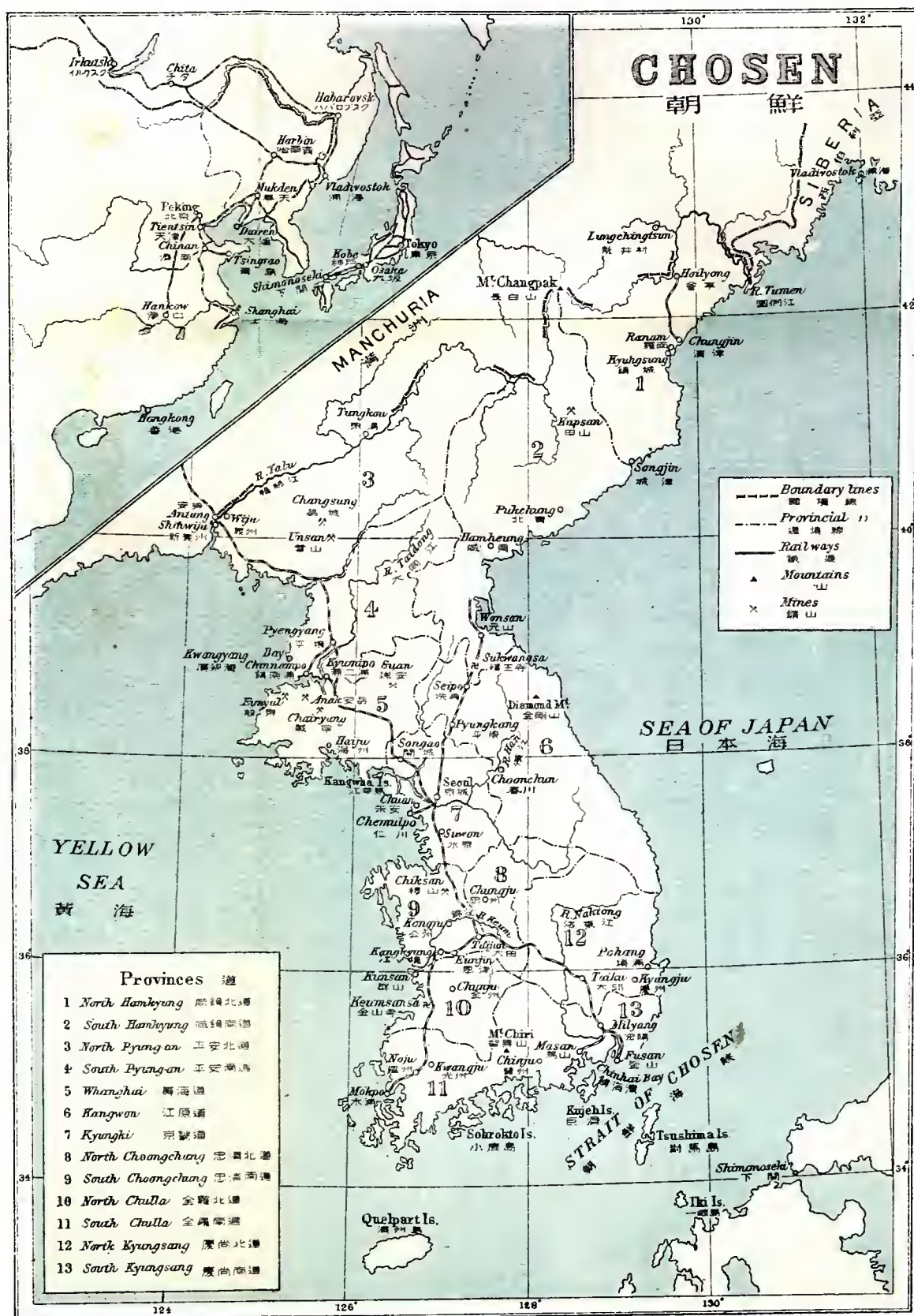
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ECONOMIC HISTORY OF CHOSŌN

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IN
COMMEMORATION OF THE DECENNIAL
OF THE
BANK OF CHOSŌN

SEOUL, CHOSŌN

1920

FOREWORD

Ten years have elapsed since the establishment of the Bank of Chosen. The period can not be said to be a long one, but, so satisfactory has been the progress made by the Bank during the period, that thought of it can not but fill our heart with a feeling of genuine gratitude.

Naturally, as the decennial was drawing near, we were anxious to find means by which to commemorate the occasion fittingly. Many were the suggestions made, but none seemed more appropriate to the occasion than the one suggesting the compilation of a series of publications showing the development of the countries in which the Bank has operated, and to which it owes so much of its own development.

The first of the series was "Pictorial Chosen and Manchuria," as the work was entitled, in which the two principal fields of business of the Bank were illustrated by pictures. The second is the present volume in which the economic growth of Chosen alone is dealt with. The third, the economic history of Manchuria, is yet to come out. In making so much of these two countries on this occasion, it must be explained that these are the two most important fields in which the Bank has laboured for the past ten years, and to them, and in particular, to their development, is largely due the progress of the Bank during this period. In sending out these works, therefore, we are, as it were,

paying tribute to our greatest patrons, to whose support and patronage the Bank owes so much of its present prosperity.

Moreover, the great European War has made the world so much the smaller that no portion of it is now so far distant from the others as to make knowledge of the one useless to another. Especially is this the case with us, bankers and business men, as our scope of activity has been immensely widened as a result of the War. In order to engage in business successfully we must be known by others just as much as others are known by us. The advantage is mutual. The trouble is, while means are fairly well provided for us to know the West, we have but little means by which to make ourselves known in return. This is a great disadvantage, not only for us but also for the West. These publications are an endeavour to supply this means.

The compilation of this work, as well as of the others of the series, has been entrusted to Mr. T. Hoshino, Manager of the Research Department. Written in a hurry and under pressure of daily business, it doubtless leaves much to be desired, but, in the absence of other works in English dealing with the subject, we venture to hope that it will at least fill the gap pending the appearance of a more complete work.

With our best wishes we present this work to our friends and customers in the West.

S. MINOBE,

Governor of the Bank of Chosen.

Seoul, February, 1920.

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ECONOMIC HISTORY
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INTRODUCTION

Note on general plan of the work; Geographical situation and its effect on Korean political and economic life; Area and population; Climate; Geographical features; Race and language; Causes of the degeneracy of Korea summarized; Historical sketch.

Note on General Plan of the Work:—By order of Mr. Minobe, Governor of the Bank of Chosen, we now take up our pen to set forth the recent economic development which has taken place in this small country, called Chosen or Korea, now constituting part of the Japanese Empire, but which previously had a separate political existence, independent or otherwise, for two thousand long years. For this purpose we have divided our narration into two parts, prefixed by an introduction. The introduction we shall devote to a general description of the country and people, without some knowledge of which the chapters following would be very imperfectly understood, if understood at all. In Part I, we shall deal with those reforms and innovations which have led to the complete transformation of the economic state of the country, stress being laid more on the reforms themselves than on the results they have wrought. In Part II, we shall follow the progress and development initiated by those reforms, calling largely to our aid the statistics bearing upon each subject. With regard to period, our narration in Part I will generally cover the years under the Protectorate régime, and run a little into the time following the annexation, i.e., from 1906 to 1911, at the end of which time most of the fundamental reforms initiated at the beginning of the protectorate had all but been completed, while what we have to say in Part II covers the whole period from then on up to the present. These divisions however will often be disregarded when by so doing a

clearer idea as to the subject dealt with can be presented. Such being the general plan roughly laid out for this work, we shall now proceed to give a short description of the land and people since these form the ground-work on which all our narration is based.

Geographical Situation and its Effect on Korean Political and Economic Life:—The Peninsula of Chosŏn or Korea lies between $33^{\circ} 12'$ and $43^{\circ} 02'$ of North lat., and $124^{\circ} 18'$ and $130^{\circ} 54'$ of long. East of Greenwich. It is bounded on the north by Manchuria and the Russian maritime province; on the east by the Sea of Japan; on the south by the China Sea and the Chosŏn Channel, and on the west by the Yellow Sea (黃海). It is separated from the mainland of Japan by a strait only 122 miles in width, now crossed in less than ten hours, with the island of Tsushima (對馬島) about midway, and from China proper by the Yellow Sea (黃海), the narrowest part of which is of nearly the same length as the distance from Japan.

From a political point of view the geographical position of the country has been most unfortunate. It was largely on account of it that the country so frequently had to suffer from foreign invasion. With Japan to the east, and China to the west, it was liable to become the bone of contention between the two rival nations, and, what was worse, it offered so tempting a prey to the northern tribes, Manchurian and Mongolian, that they fell upon it whenever opportunity offered itself. Nor was it Korea alone that suffered. The weakness of Korea constituted a constant danger to Japan. With its peninsula "pointing like a dagger into her very heart" as an American writer termed it she could not leave it with safety in the hands of any nation showing an aggressive taint, but whatever may have been the cause of the wars fought on her soil it was all the same to her inhabitants—to them it simply spelt dire misery. At a later period, another power—Russia—joined the contest, and Korea would have had more wars added to the already long list fought on her soil, had not the Island Empire inflicted upon her enemy a crushing defeat and taken the

Peninsula under her sole charge. All this has come to pass on account of the geographical position of Korea. Many accuse the Koreans of a time-serving or "submitting to the strongest" policy, but what else could they do? A finer and stouter race would not have fared any better if placed in the same position.

But the time seems drawing near when a position so unfortunate will be converted into a very fortunate one at least from an economic viewpoint. This position may well be compared with that of Belgium, so unfortunate in the time of war yet so fortunate in the time of peace, so unfortunate in the dark ages yet so fortunate in the age of enlightenment. Its easy access to the most promising markets in the world, China, Manchuria, and Siberia, is in itself a great economic asset. A railway line now connects this once "Hermit Kingdom" with the heart of Europe, passing through the whole of northern Asia, the economic possibility of which no one can fathom, while by another line the peninsula is connected with China and its numerous cities offering immense trade prospects. In a word, it is so situated as to enable it to exert its energy in any direction it pleases, and that with the greatest advantage that any country has over another. No better illustration of this supreme physical position from an economic standpoint can be given than the expansion and growth of the Bank of Chosen itself. The expansion of the Bank of Chosen into neighbouring countries has been due more to the natural growth of the Bank than to any particular policy pursued by it. It is so situated as to make its expansion into Manchuria, China, and Siberia quite natural and, in many cases, necessary. Its proximity to Japan will be of even greater significance now that fate has combined the two. The Koreans have had enough of woe from the physical position of their country; it is now their turn to enjoy a blessing from that same source.

Area and Population :—With regard to the extent of Chosen it has been our good fortune to be able to avail ourselves of the latest statistics, by far the most reliable of

any ever compiled. According to these statistics, the Peninsula, with its outlying islands, has an area of 85,228.79 square miles of which 82,926.40 square miles forms the mainland, and 2,302.39 square miles the islands, the former occupying 97.3 per cent. of the whole area and the latter 2.7 per cent. It is about as large as the mainland of Japan or two-thirds the size of the British Isles. For a long time the area of Chosen was believed to be about 84,000 square miles; it is now found that it was underestimated by more than 1,000 square miles.

With regard to population, the latest census returns gives it at 17,057,032 of which 336,872 are Japanese and 23,143 are foreigners. The density is about 200 per square mile, or about half that of Japan where it is 379 per square mile. It is most densely populated in the south but sparsely in the north, ranging from 382 per square mile in the southernmost to only 45 in the northernmost province. It may seem strange that a country so much older than Japan should be populated so thinly in comparison with the latter. Mr. Griffis mentions wars, famines, pestilence, poverty, and absurd and rigorous rules of mourning requiring frightful expense, postponement of the marriage of young people, etc., as the chief reasons. Whatever may have been the chief causes, they have evidently disappeared under the new régime, for, since its inception, the increase in the Korean population has gone on at a good rate as shown in the following table :

Year	Koreans	Japanese	Foreigners	Total	Index No.	Japanese population per 1,000
1910 ...	13,128,780	171,543	12,694	13,313,017	100	13
1911 ...	13,832,376	210,689	12,804	14,055,869	106	15
1912 ...	14,566,783	243,729	16,589	14,827,101	111	16
1913 ...	15,169,923	271,591	17,349	15,458,863	116	17
1914 ...	15,620,720	291,217	18,025	15,929,962	120	18
1915 ...	15,957,630	303,659	17,100	16,278,389	122	19
1916 ...	16,309,179	320,938	18,012	16,648,129	125	19
1917 ...	16,617,431	332,456	19,110	16,968,997	127	20
1918 ...	16,697,017	336,872	23,143	17,057,032	168	20

The Japanese population, as seen from the above table, is increasing rapidly owing to immigrants, it having nearly

doubled in number in 9 years. The charge, however, that they are supplanting the Koreans is false, for the Koreans are also increasing fast. The fact is the country is large enough for both to live in it and thrive.

Climate :—In the matter of climate, from a European standpoint we are rather a poor judge, for one's likes and dislikes of a climate depend in large measure upon that of one's own country. From a European standpoint the country seems to have an excellent climate, and is much preferred to any other country in the East. It is much more in favour with Europeans and Americans than the climate of Japan as it is more continental in character, the predominant feature of which is dryness. One writer speaks of it as follows, "The physical configuration of Korea gives it a climate of almost unsurpassed excellence. The winter quality is superb, the summer is supportable. Persons accustomed to life in the temperate zone find the Korean climate exhilarating, particularly the cold, dry, bracing winter." The writer of "Corea, the Hermit Nation" says, "In general, it may be said to dwellers in the temperate zone that the climate of Korea is excellent, bracing in the north, and in the south tempered by the ocean breezes of summer. The winters in the higher latitudes are not more rigorous than in the State of New York ; while in the most southern, they are as delightful as those in the Carolinas." Prince Ito is said to have remarked, during his stay in this country as Resident-General, that he had talked to many foreigners but not once had he heard any of them complain of the climate of this country. Economically speaking, there is nothing in the Korean climate that prevents the establishment of a most prosperous community. It suits most agriculture of the temperate zone, rice, wheat, beans, and other cereals flourish in it, fruits grow well, and cattle prosper, while the Korean ports are all ice-free. No hurricanes, such as are experienced in Japan, ever visit the country, and it is practically free of earthquakes. There is nothing in the climate to make people idle and indolent, on the contrary, it is highly

stimulating, and is exactly suited for the building up of a strong, vigorous, and industrious nation. It is almost inconceivable how a people could have grown up so lazy, indolent, and easy-going as the Koreans were in the past under such climatic conditions. The explanation will be found in other circumstances which we shall deal with elsewhere. The greatest heat and cold experienced in the principal places since the establishment of meteorological stations in various parts are shown in the following table :

Place	Greatest Heat C.	Date	Greatest Cold C.	Date
Fusan (釜山)	33.6°	Aug., 1906	-14.0°	Jan., 1915
Seoul (京城)	36.7°	June, 1917	-21.8°	" 1918
Wonsan (元山)	39.6°	July, 1906	-21.9°	" 1915
Pyengyang (平壤) ..	36.1°	June, 1917	-28.5°	" 1917
Songchin (城津)	35.5°	July, 1909	-24.6°	" 1915

Geographical Features :—The country is prominently mountainous, especially in the north. The principal mountain range runs through the country lengthwise along the eastern coast. Naturally the eastern coast of the Peninsula is rocky and precipitous, with practically no rivers terminating there with the exception of the Tumen (圖們江) which divides the country from Siberia, and there are no plains to speak of on this side of the Peninsula. On the western and southern sides of it, however, lie extensive plains with a good many rivers flowing through them, the principal ones being the Yalu (鴨綠江), Taitong (大同江), Han (漢江), Keum (錦江), and Naktong (洛東江). Of these rivers, the Yalu (鴨綠江), together with its tributaries, constitutes one of the most important means of transportation for the frontier regions, while the Taitong (大同江), Han (漢江), and Naktong (洛東江), besides supplying waterways for junk navigation, act as reservoirs for the irrigation of farm lands, so that all the richest fields of Chosŏn, so important for the country's economic life, lie practically along their courses. Thus the mineral wealth exists for the most part in the mountainous north, while

prosperous agricultural communities are largely found in the level and fertile south-west.

The coast-line is very long in proportion to the area, being 5,400 miles, islands excluded, and 10,725 miles islands included. The eastern coast is only slightly indented and consequently is destitute of good harbours, Wonsan (元山), Songchin (城津), and Chungchin (清津) being the only harbours worth mentioning along the whole coast. The southern and western coasts are deeply indented and are fringed with thousands of islands, and have numerous excellent harbours such as Fusan (釜山), Kunsan (群山), Mokpo (木浦), Chemulpo (仁川), and Chinnampo (鎮南浦). The difference between the rise and fall of tide is very great on the western coast, especially in the neighbourhood of Chemulpo (仁川) where it reaches 30 feet, and this constitutes a great drawback to this port and also to Chinnampo (鎮南浦). The two ports however have been greatly improved by the recent construction of docks.

Race and Language :—Many evidences point to the fact that there was a time in prehistoric ages when the western half of Japan, Chosen, Manchuria, East Mongolia, and the southern part of Russian maritime province were inhabited by one race. Each branch had, as time went by, other blood blended with it, and in the case of the Koreans such blending took place mostly with Chinese, since China established many colonies along the north-western coast from very early times. But that they did not supersede the native race in any degree is clear from their distinct physiognomy and language, and also from much historical evidence. They are decidedly more Japanese than Chinese save for their manners and customs. In language, Korean belongs to the so-called Turanian group, entirely different from Chinese, but closely allied to the Japanese tongue. In grammatical construction, the Korean and Japanese languages may be said to be almost the same, though in vocabulary they are quite different. The extraordinary facility with which Koreans generally learn the Japanese

tongue is partly due to this fact, though, to do them justice, their wonderful linguistic ability should not be overlooked because of this, seeing that the Japanese are unable to learn Korean with equal ease. Be that as it may, one of the greatest obstacles in the way of the assimilation of the two peoples is speedily being overcome by the Koreans acquiring Japanese. Recent scientific researches, as well as the beautiful Japanese mythology which tells of a royal prince, brother to the Sun-Goddess to whom many daring exploits are attributed, crossing and recrossing between the Island and the Peninsula, all tend to indicate that the Koreans and Japanese are no foreigners to each other but are closely allied in origin. The recent union of the two nations, therefore, may be said to be the reunion of two brothers of the same family whom Nature had long separated.

Such being the origin of the two peoples, there is nothing to be wondered at if the modern Korean bears a striking resemblance to the Japanese. The most remarkable difference between them is that the latter is more hairy, due probably to his *Ainu* element, which people, by the way, is one of the most hairy races in the world. In physique, the Korean is taller and somewhat more muscularly built than the Japanese though perhaps not so nimble as the latter, but after all, they resemble each other so very closely that, when dressed alike as in the case of soldiers, it is difficult to distinguish the one from the other.

It is perhaps in character that the greatest difference is observable between the Japanese and Koreans, but even in this, in what it differs most is what we may aptly call a second character, not innate in the race but formed by long habit given birth to by the different circumstances under which they have lived ever since history began. Dullness, slovenliness, lack of thrift and ambition, and, above all, laziness have often been charged against the Koreans, but these are habits, not character, contracted under long years of darkness, maladministration, and consequent self-abandonment. As a matter of fact, education is now making them cleverer, wealth making them cleaner, and hope making

them thrifty, ambitious, and industrious. Many characteristics which seemed to be entirely lacking in them under old conditions, but were only lying dormant, are now showing themselves, and the Japanese, after some bitter experiences, have found that they are after all a people worthy of being acknowledged as kinsmen.

Causes of the Degeneracy of Korea Summarized:— Korea has had little to boast of in the past. As a nation she was always the weakest and poorest member of the Far Eastern nations. Once in her long history she floated her banners over the walls of Liaoyang (遼陽) in Manchuria, and at another time her domain was extended as far north as the town of Tiehling (鐵嶺), also in Manchuria. But for the greater part of her history she maintained a precarious independence by paying tribute either to China or to Japan, or to both. Her civilization she borrowed from China, and while, in the case of Japan, the same civilization was stamped with the nationality of the adopter as soon as it was introduced and gave birth to a civilization peculiar to the Island Empire, Korea did not even take that trouble. Her civilization remained predominantly Chinese. Economically she never seems to have been a rich country. There were apparently days in which her agriculture was better cared for, her manufactures in a more flourishing condition, and the people generally better off than they were found to be of late, for which evidence is not lacking. But the same evidence points to the fact that such times were not many nor long continued. The rest of her long existence was one of prolonged poverty. In short, the independent existence of Korea which lasted for two thousand years was no fortunate one, not from any fault of the people but because of the poor lot attending it.

To recount all the causes that led the nation to this stress would be too long a task and one inadmissible for this brief work, but some will be touched upon when dealing with the reforms instituted to remove them. Here we shall simply try to generalize them so that the reader may be able to grasp the essence without entering into

details. The great cause of the degeneration of Korea, in the author's opinion, is that there were too many inevitabilities governing the fate of the nation, which killed all noble ambition to improve and advance her condition by self-effort. In the first place, at no time, save for the few exceptions before mentioned, was she, or could be, strong enough to resist foreign invasion. She might try, but the odds were too great. She could seek her repose only in the internal troubles of her stronger neighbours, and in the trouble among themselves. She might have had great kings, and perhaps great statesmen, but they were powerless before the great odds ever ready to present themselves for the undoing of any good she might have done at such times as the circumstances of her neighbours permitted the action. Was it possible that her people should not be discouraged or that such discouragement should not beget self-abandonment, the worst enemy to all progress and reform? Japan in all her long career only once had a foreign invasion threatening her national existence, the Mongol invasion, which she successfully repulsed, yet the commotion arising therefrom was very great. Korea had many such invasions, to most of which she fell a ready victim, and to what sad plight the children of the soil were reduced by these frequent invasions can easily be imagined. The material loss must have indeed been very great, but even greater was the mental loss they suffered through these adversities. Both Government and people saw the futility of all their efforts, and each went its own way to seek temporary ease. So unstable was the position of a ruler that it was thought the height of folly for him to put forward a permanent plan for the benefit of his country lest he should never see its fruit. Better for him, each might have thought, to squeeze the people before it was too late, and have as good a time as possible. The same mental debasement must have taken hold of the people at large, and exertion became a thing entirely foreign to them. They thought it foolish to work hard to build up a fortune, only to be robbed of it sooner or later by greedy officials under one pretext or another,

often involving them in calamity much more serious than the loss of their money alone. The safest way for the plebeians therefore was to remain poor and live in hovels so as not to attract the attention of officials or of brigands. "The curse of Korea" said Dr. James S. Gale, author of "Korean Sketches," "is that it has so few working men. It is a nation that has wasted away in idleness. It is therefore refreshing to find one whose hands are hard with toil, etc."

This view of Dr. Gale is further confirmed by that of Mr. W. E. Griffis, author of "Corea, The Hermit Nation" who says: "To the great mass of the people in Corea there is no motive for much industry beyond danger of starvation, and but little incentive to enterprise. Under old normal conditions now being slowly ameliorated, the official, the *yangban* (兩班), and the landed aristocracy, in a word, the predatory classes, seize upon the common man's earnings and accumulations, so that it seems to him useless and even foolish to work for more than enough to support life, while as for the 'civilization nonsense', does it not mean more taxation?"

Thus Korea was ruined both politically and economically, and it was under such conditions that she became a protectorate of Japan in 1906, which ended in her annexation by the latter power in 1910.

Historical Sketch:—Below is given a summary of the political history of Korea so as to enable the readers to judge for themselves how hard was the lot that was borne by the Koreans in the past.

(a) Chinese Colonies: The earliest record about Chosen is found in the Shih-chi (史記), an historical work of great note in China written about 109 B.C. According to the account given in it, about the end of the 12th century B.C., when the Chinese Kingdom of Yin (殷) was overthrown and there arose in its place the Kingdom of Chou (周), a prince of the blood of Yin (殷) family called Chitzu (箕子) was set up as lord of Chosen (朝鮮 *Chao-hsien* in Chinese) by the founder of the new dynasty. To quote an

exact translation, it says, "King Wu (武王) set up Chitzu (箕子) as lord of Chosŏn (朝鮮) and did not make him his subject." Doubts however are entertained as to the exact region then called Chosŏn (朝鮮). In all probability it was applied vaguely to the Chinese colonies established along the north-western coast of the Peninsula. Another question arising is whether the so-called Chosŏn (朝鮮) was independent of China. So far as this record goes, however, it is clear that Chitzu (箕子) at least ruled the country as an independent prince, for it says that the king of China did not make him his subject.

According to Korean tradition Chitzu (箕子) landed in the Peninsula on the western coast of Kyungki Province (京畿道), made his way north and fixed his capital at Pyengyang (平壤). As a matter of fact there still remains in Pyengyang (平壤) what is popularly called the tomb of Chitzu (箕子). But the absurdity of this story, as also of most of the Korean stories told of this prince, is beyond all doubt. The story of Tan-gun (檀君), beautiful as it is as a fairy tale, is of no historical value whatever.

The kingdom of Chitzu (箕子) was overturned by a Chinese adventurer who made himself king of Chosŏn (朝鮮), by whose family the country was ruled till about 108 B. C., when it was conquered by China under Emperor Hsiaowu (孝武帝). It appears that the Kingdom of Chosŏn (朝鮮) comprised at this time all the territory lying between the present city of Liaoyang (遼陽), Manchuria, in the north, and the province of Whanghai (黃海道), Chosŏn (朝鮮), in the south.

(b) Period of Three Kingdoms: (1) Kokuryu (高句麗): Side by side with the Chinese settlers, who were by far the most civilized people in the Peninsula, there were six native tribes inhabiting Chosŏn (朝鮮), which term then included part of Manchuria, of which the principal were the Puyu (扶餘), the Kuri (句驪), and the Han (韓). The Han (韓) was further divided into three branches, the Mahan (馬韓), the Chinhan (辰韓), and the Pyunhan (弁韓). Lastly there were Japanese settlers, who go by

the name of Wo (倭) in Chinese history, in the southernmost part of the Peninsula.

Of the native tribes, the Kuri (句驪) organized themselves into the Kingdom of Kokuryu (高句麗), followed by the Mahan (馬韓) organizing themselves into the Kingdom of Pakjeh (百濟), and the Chinhan (辰韓) into the Kingdom of Silla (新羅), while the Pyunhan (弁韓) remained protected by Japan under the name of Mimana (任那) or Kara (加羅). Then followed the period of the Three Kingdoms, during which took place the first great invasion of the Peninsula by Japan under Empress Jingu who personally conducted the expeditionary army. It is interesting to note that the genealogy of this great empress can be traced back to a Silla (新羅) prince on the maternal side.

The Kingdom of Kokuryu (高句麗) was founded about the beginning of the 1st century. In 190 A.D. it was made a tributary state by the Duke of Liaotung (遼東侯), but on his line being overthrown by a Chinese general, regained its independence and grew so strong that it often sent an army to invade Liaotung (遼東), its old suzerain power. But later on the country suffered repeatedly from Chinese invasions, and more than once its capital, Whando (丸都), was taken. At the height of its power the territory of Kokuryu (高句麗) extended from Tiehling (鐵嶺), Manchuria, in the north to the present site of Seoul (京城) in the south. Later, its capital was fixed at Pyengyang (平壤).

On a height, about 3 miles to the north of the town of Tungkow (通溝), Manchuria, near the Korean frontier there stands a monument bearing inscriptions recording the great achievements of King Hotai (好太王), one of the greatest of the Korean monarches, who ruled the country from 391 to 412 A.D. This monument is of immense historical value, as the inscriptions throw light on many facts concerning Japanese achievements in the Peninsula which existing Korean histories wilfully refrained from recording. They state in effect that the kingdoms of Pakjeh (百濟) and

Silla (新羅), which had been paying tribute to his country, were conquered by Japan in 391 A.D. and made subject to her; that in 396 the king invaded the Kingdom of Pakjeh (百濟) by sea and inflicted a crushing defeat on that country, captured its king, took many territories, and returned in triumph with the king's younger brother and his ten great ministers as prisoners of war; that in 400 he went to the rescue of Silla (新羅) at the head of an army of 50,000 men and horse, drove the Japanese out and advanced as far as Mimana (任那); that in 404 the Japanese army invaded Taifang (帶方) but was attacked by the king with his navy and repulsed; that in 409 the king fought the Japanese in the neighbourhood of Pyengyang (平壤) and secured a large amount of booty. One-sided as the statements apparently are, they support the statements appearing in Japanese history in establishing the fact that there was constant communication between Japan and Chosen in those early days.

The power of Kokuryu (高句麗) reached its zenith during the reign of King Changsu (長壽王) (413-491), son of King Hotai (好太王). But, about the end of the 6th century, China became united after long civil strife and adopted the name Sui (隋), and her Emperor, Yang (楊帝), took the opportunity of subjugating this small kingdom. Altogether three attempts were made to conquer the country, and it was only in his third expedition that Kokuryu (高句麗) was compelled to sue for peace; this he was only too glad to make and return home. It was about this time that Kokuryu (高句麗) began sending tribute to Japan. Diplomatic relations prior to this time between Japan and Kokuryu (高句麗) seem to have been on an equal footing.

In 618 the Chinese Empire of Sui (隋) fell, and on its ruins arose the Empire Tang (唐). In 644 Emperor Taitsung (太宗) invaded Liaotung (遼東) with the intention of conquering Kokuryu (高句麗) but was obliged to return without success. In 660 Tang (唐) conquered Pakjeh (百濟), and the following year Pyengyang (平壤) was besieged.

ed. The Kokuryu (高句麗) defended themselves bravely but in 668 the capital fell and the kingdom came to an end.

(2) Pakjeh (百濟) and Mimana (任那): The foundation of the Kingdom of Pakjeh (百濟) is given in native history as having taken place in 37 B.C., but it must have been considerably later, seeing that its name never appears in any Chinese record earlier than 372 A.D. In 475 the country was defeated by King Changsu (長壽王) of Kokuryu (高句麗), its capital taken, and its king, queen, and princes made prisoners, together with 8,000 of the inhabitants. Subsequently, the younger brother of the king ascended the throne, and through the aid given by Japan and Silla (新羅) was able to make his capital at Ungjin (熊津) (now Kongju 公州). One of the kings succeeding him, Sungmyung (聖明王), defeated Kokuryu (高句麗) through Japanese aid, and the kingdom thrived for a short time. But soon it became the object of envy of the neighbouring countries, its army was routed by the allied forces of Silla (新羅) and Kokuryu (高句麗), the king fell, and the country declined a second time. In 660 the capital was taken by the allied army of China and Silla (新羅), and king, princes, great ministers and generals, and peasants to the number of more than 12,000 were sent to China as prisoners. A prince of the blood, then kept by Japan as a hostage, was allowed to return home accompanied by a Japanese contingent, and with this aid regained part of the country, but he, too, was overthrown by the allied forces, and the Japanese casualties are said to have been very great. By this time the maladministration of the Japanese Residents in Mimana (任那) had resulted in the loss of her prestige. The western part of it was annexed by Pakjeh (百濟) and the remaining part slipped into the hands of Silla (新羅), and by 663 the political power of Japan had disappeared from the Peninsula.

(3) Silla (新羅): According to the native history the foundation of the Kingdom of Silla (新羅) dates back to 57 B.C., but her authentic history begins about three centuries and a half after the Christian Era. In spite of the

constant intercourse which seems to have existed between this country and Japan from prehistoric age, the relation between the rulers of the two countries, linked as they were in blood, appear to have been anything but amicable. The expedition of Empress Jingu of Japan had reduced the people of Silla (新羅) to a subject nation, but they often revolted and were as often chastised by their conqueror. From the beginning of the 6th century, however, the country grew stronger, her army invaded Mimana (任那), took part of Pakjeh (百濟), and was often engaged in war with Kokuryu (高句麗). During the 7th century the kingdom became very powerful, extended its territory to the adjacent countries, and at the height of its power was in possession of the whole territory now lying to the south of Kyungki (京畿道) and Whanghai (黃海道) Provinces. Its fall came in 934 A.D. when the Kingdom of Koryu (高麗) rose in power.

From beginning to end, the Kingdom of Silla (新羅) had its capital in Kyungju (慶州), about 43 miles east of Taiku (大邱), and, as peace reigned long in the kingdom, literature and arts flourished, and there are many relics around the site of the capital to speak to travellers of the high state of civilization once attained by it.

The entry of Buddhism into Chōsen according to Korean tradition is dated 372 A.D., a Chinese emperor then sending to a king of Kokuryu (高句麗) a priest, a Buddhist image, and the Scriptures. It seems to have prevailed at first among the aristocratic classes, and then spread to the lower people. It was in all probability during the first half of the 5th century that the religion entered Silla (新羅) and exercised great influence upon the arts and letters of that country.

(c) Koryu (高麗): From the very earliest days of the kingdom (918) the kings of Koryu (高麗) were great devotees of Buddhism, and not a few remains of the Buddhist temples then built or repaired are still extant.

The Koryu (高麗) Kingdom, early weakened by a corrupt court and the general effeminacy of its people, often

fell a victim to the stouter northern races, one of which established for itself a powerful kingdom called Chitan (契丹) in 907 and, conquering the Kingdom of Pohai (渤海), extended its territories to the northern borders of Koryu (高麗). This strong neighbour demanded of Koryu (高麗) an annual tribute, and on this obligation being neglected, fell upon and took its capital Songdo (松都即チ開城) in 1011. It suffered at the hands of the Mongols an even worse fate. Of the frequent invasions made by that people, the one in 1254 resulted in 200,000 men and women being taken prisoners, the massacre of numberless people, and all the cities and towns on the route taken by the invaders reduced to ashes.

The most memorable event about this time is the Mongol invasion of Japan. An interesting story is told of how this came to pass. A Korean subject, who turned traitor to his country and became a Mongol, told his master Khublai (忽必烈) that there was a country called Japan to the south of Koryu (高麗) with which that country was on friendly terms, and insinuated that, by sending a messenger, making Koryu (高麗) his guide, Japan might be brought under his sway. This tempting insinuation was acted upon by the emperor and messengers were repeatedly sent to Japan inviting her to recognize his sovereign power, which invitation was, however, flatly refused. It also happened that one of the Korean crown princes, detained at the Mongol court as a hostage, was allowed to return home on promising to labour in the cause of his captor in his Japanese expedition. History says the people wept when they saw him come home all Mongol in dress or otherwise, even dressing his hair in two queues. In 1274 Koryu (高麗) was ordered by the Mongols to build 300 vessels for the transport of their expeditionary army, and 30,000 people were employed for that purpose. The country, already impoverished by the constant demand for money and service by its Mongol rulers, was driven into the deepest slough of misery by the new demand. In May of the same year the crown prince was married to a Mongol princess,

and in June ascended the throne. Thus everything was ready for the great invasion of Japan. The first attempt ended in failure. The second and most important took place in 1281, when a fleet of over 1,000 ships with 27,000 Koreans and 40,000 Mongolians and Chinese on board left the Korean port of Hapŏ (合浦), a port on Chinhae Bay (鎮海灣), South Kyungsang Province (慶尙南道), and another consisting of 9,000 ships with 100,000 men left a port in South China. The invaders were given a warm reception by the sturdy islanders under able command, and, to complete their defeat, they met a great storm in which 100,000 Chinese and Mongolian soldiers and 8,000 Koreans perished. For a considerable period after this the Kingdom of Koryu (高麗) remained a vassal of the Mongol Empire, then called Yuan (元), and successive kings took wives from the family of their liege lord, while some, having fallen into disfavour, had the misfortune of being exiled to southern or western China. It was about this time (1350) that the country suffered most from Japanese corsairs who, after having ravaged practically the whole Korean coast, made their way far into the interior, sometimes as far as Chunju (全州) and Hanyang (漢陽即京城 Seoul). The last king of Koryu (高麗) was dethroned by one of his own generals who took to himself the sovereign power over the whole Peninsula, and founded the Yi Dynasty (李朝) which ruled the country under the name of the Kingdom of Chosŏn (朝鮮).

(d) Yi Dynasty (李朝): Yi Dynasty (李朝) was founded in 1392 by Yi Sung Kei (李成桂), the general who overthrew his master and king, and proclaimed himself the King of Chosŏn (朝鮮), the ancient name of the country, Chosŏn (朝鮮), now being restored. The new king paid tribute to the Ming Dynasty (明朝) and adopted cultures and institutions of China. Taijong (太宗) the third king established colleges in the four quarters of the country and also established a foundry for making type for the printing of Chinese books.

Another event of great literary importance during this

period was the invention of the Korean alphabet called *unmun* (言文), in 1446, in the reign of Seijong (世宗). Even before this time Korea had a rough way of indicating the grammatical endings in a Chinese text by making use of certain diacritical marks, said to have been invented in the days of Silla (新羅), but had no way of writing the language independent of the Chinese characters. The alphabet is said to have been based on the Mongolian letters and contained 28 (now reduced to 25) letters. It is claimed by a foreign author on Korea that this alphabet has scarcely its equal in the world for simplicity and phonetic power. King Seijong (世宗) was not only a great patron of literature, but of science too, especially of astronomy.

It was also by this king that the attempt was made to make an end of the Japanese corsairs at one stroke by subjugating the island of Tsushima, which he understood was the base for their marauding operations. In 1419 he fitted out a fleet of 200 vessels carrying 17,000 men and invaded the island but was driven back. Twenty years later, however, a commercial treaty was concluded between him and the *daimyo* of the island of Tsushima. Three ports were opened in South Chosen to Japanese trade and residence, and a trade of 50 vessels a year was allowed. The three ports were later reduced to the one port of Fusan (釜山) which has ever since remained open. Though humiliated in the south he was more successful in the north. By him was acquired that portion of the country which is now called North Chosen, and Korea's northern frontier was extended to the banks of the Tumen (圖們江). He was the greatest ruler of all the Yi Dynasty (李朝).

About two hundred years later, when the national power and prosperity of Korea were fast waning, Japan, which had been split into pieces and engaged in civil strife for hundreds of years past, was united by the genius of Toyotomi Hideyoshi. This great soldier had ambitious designs upon China and required Korea to intervene in his favour between them, knowing that Korea was on good terms with that country. Korea's reply was evasive.

Thereupon he broke off all negotiations, equipped an army of 150,000 men, and dispatched it to invade Korea.

The invasion took place in 1592, and the rapidity of the Japanese movements in Korea is illustrated by the fact that its vanguard landed in Fusan (釜山) on April 13, 1592 took Seoul (京城) on May 3, and entered Pyengyang (平壤) on May 15. China, at which the expedition was ultimately aimed, sent a strong force in aid of the Koreans. The Japanese encounters with the Chinese were generally successful, though once in Pyengyang (平壤) they were signally defeated, but their suffering from lack of foodstuffs was very great. An armistice was concluded the following year but hostilities were resumed in 1597. The death of Hideyoshi a little later was followed by the withdrawal of the Japanese troops from Korea.

In 1627 a Manchurian army 30,000 strong invaded Korea in pursuit of a fugitive general of China. Pyengyang (平壤) was taken and the king fled, only to surrender later on. The country was made tributary to the Manchu Kingdom, which relation was, however, severed in 1636. On his accession to the Chinese throne the first Manchu emperor of China wanted to make his old claim good, and once again descended upon Korea at the head of 100,000 men. Korea submitted.

The relations between Japan and Korea were interrupted by Hideyoshi's expedition, but were resumed under the Tokugawa Government, and it was customary on the part of the Korean Government to send an envoy to Japan on the appointment of each new *Shogun*, the actual ruler of Japan in those days.

In 1876 a commercial treaty was entered into with Japan, followed by one with America in 1882. China was displeased by the fact that Korea was treated with as an independent country in these negotiations, and took every opportunity to interfere in her internal affairs. Finally it was agreed between Japan and China that both would withdraw their troops from Korea, and should either of the contracting parties deem it necessary to dispatch troops

there the fact was to be notified to the other. In 1894 an insurrectionary rising broke out in South Korea. It was the year in which violent political strife was raging in Japan between the Government and the Opposition, resulting in repeated dissolution of the Diet. The opportunity was seized by China to regain her lost suzerainty. She landed troops proclaiming that she did so to aid the "subject nation" in its adversity, and notified Japan of her act in accordance with treaty provisions. Japan followed her example, and at the same time proposed that reforms in Korea should be undertaken jointly by herself and China. The proposal was rejected by China, and there ensued the Chino-Japanese war which ended in a complete defeat for China and in her relinquishment of all show of rights over Korea.

Chinese influence in the Peninsula was thus blotted out, but the Korean Court Party, always antagonistic to the Reform Party and to all that they did, invited to their aid the influence of Russia, and, backed by that mighty power, defeated the opposition, undid what reforms had been effected, and restored old conditions. In 1897 the designation of the country, hitherto the Kingdom of Chosen (朝鮮), was changed into that of the Empire of Taihan (大韓). Meanwhile the Russian policy toward China and Korea was becoming more and more aggressive and she refused to evacuate Manchuria in accordance with her treaty pledge. Negotiations were carried on for years between her and Japan but no satisfactory result was obtained. At last, Japan, seeing that nothing short of force of arms could protect her national safety, declared war on Russia. This took place in 1904. In the Portsmouth Treaty that ended the war and was concluded in 1905, Russia acknowledged Japan's paramount interests, political, military, and economic, in Korea, and pledged herself neither to obstruct nor interfere with the measures of guidance, protection, and control which Japan might find it necessary to take in Korea.

In November, 1905, a treaty was signed between Japan and Korea, making Korea a Japanese protectorate,

and in the following year the Residency-General was established to look after the affairs of the country.

(e) Japanese Protectorate : During several decades constant efforts were made by Japan to effect reforms in the administrative system of Korea. With coasts lying so near her own, and occupying so important a strategic point for her defence, Japan could not allow the country to remain its disordered condition. She perceived that the preservation of Korea's integrity was absolutely necessary for her safety, and to secure that, she rightly thought, a complete reconstruction of the administrative system of her neighbour beyond the channel was necessary. Her voice was hearkened to at times, and those were times of progress and reform for Korea. But the jealousies prevailing among her political parties, which were often entangled with the interests of rival foreign powers, were such that reforms inaugurated by one of the parties were sure to be nullified by whichever party next gained the ascendancy. Japan staked two costly wars largely on account of Korea, and it would only have meant a repetition of the same story had she been left to herself. Consequently, after the conclusion of the war with Russia, Japan's paramount position in Korea being recognized by the world, a step further was taken. It was solemnly declared that "the identity of Korean and Japanese interests in the Far East and the paramount character of Japanese interests in Korea would not permit Japan to leave Korea to the care of any other foreign country; she must assume the charge herself." Thus the relation, hitherto on an equal footing, was changed into that of the protector and the protected.

Prior to the conclusion of the Protectorate Treaty between Japan and Korea in November, 1905, Korea was bound by the Protocol of February, 1904, to adopt Japan's advice in regard to reforms in administration, and, by the Agreement signed in August of the same year, to engage a Japanese financial adviser and a foreign diplomatic adviser, both on the recommendation of the Japanese Government, and also previously to consult the Japanese Government in

concluding treaties and conventions with foreign powers, and in dealing with other important diplomatic matters, such as the grant of concessions to, or entering into contracts with, foreigners. As the result, Baron Megata was appointed financial adviser and Mr. Stevens, an American, diplomatic adviser.

By the establishment of the protectorate a step further was taken, in that all the foreign affairs of Korea were to be conducted by the Foreign Ministry of Japan, Japanese diplomatic representatives and consuls were to protect Korean subjects and interests abroad, and a Japanese Resident-General and Residents stationed in the country.

Prince Ito, one of the greatest statesmen of Japan, was appointed first Resident-General in Korea. He devoted himself heart and soul to his task of assisting Korea to reform herself, to better the condition of her people, and to increase their welfare. The Korean courtiers, however, outwardly obedient and respectful, but inimical at heart on account of their lost power, were secretly engaged in concocting schemes to upset the Japanese régime, which culminated in the sending of a delegation to the Hague Conference in 1907 without the knowledge of Japan. Japan was offended. The Korean Emperor abdicated, handing over the crown to his son. A new agreement was made in which it was set forth in unmistakable terms that the Korean Government was to be guided by the Resident-General in its administrative reforms, that all legislative and important executive measures were to be taken subject to his previous approval, that Japanese were to be appointed officials of the Korean Government on his recommendation, etc. In short, the power of the Resident-General was expanded to such an extent that the Korean Government could practically do nothing without his previous assent.

High-handed as these measures may seem to outsiders, such was the only way open to Japan if she were sincere in her avowed object in the Peninsular Empire—for Korea then called herself an Empire—so deeply seated were her evils, and so corrupt was the Korean official that any

discretionary power placed in his hands was almost sure to be abused. But the rigorousness of the measures was greatly softened by the personality of the Resident-General, whose brilliant career was some years later brought to an end by the hand of a Korean assassin. Of all the great men who built up present Japan, he was undoubtedly the most enlightened, broad-minded, and, we may say, tender-hearted. The deep sympathy he had with this unfortunate nation, the profound respect with which he regarded the Korean royal family, together with the sense of justice and humanity with which he was endowed to an uncommon degree, made his supervision over the native rulers much more lenient than would have been the case if the same power had been vested with any other person. In accordance with the terms of this agreement, a thorough reform was effected in all the branches of the Government, and many Japanese officials were taken into its service to work side by side with the Koreans. A clear line of demarkation was drawn between the Imperial Household and the Government, and between the judicial and the ordinary administrative affairs, thus removing the root of so many evils, and the central and local governments were thoroughly reorganized on a new basis. Yet there were found thousands of obstacles to the carrying out of these measures which this dual form of government could never be expected to overcome. It was then that the policy of annexation was decided upon (July, 1909). The same month Prince Ito was relieved of his office of Resident-General and was succeeded by Viscount Sone, Deputy Resident-General. In October of the same year, Prince Ito was assassinated by a Korean in the railway station of Harbin (哈爾濱) on his visit there. His loss was mourned by Koreans as deeply as by Japanese, for he loved Korea. Misunderstanding was the cause of all this.

Viscount Sone resigned his post in May, 1910, on account of ill-health and was succeeded by General Count Terauchi. The general arrived at his post in the following July, and seeing that nothing short of immediate annexation

could save the situation, decided to act at once. About the middle of August, a final decision was arrived at in the negotiations between him and the Korean Government, on the 22nd the treaty for annexation was signed, and on the 29th it was published.

The annexation of one country by another, whatever may be the reason for it, is an event tragical in the highest degree. In the case of Korea it was effected most peacefully, with no bloodshed attending it, but no person with a sympathetic heart could see a nation thus passing away without tears, and this sympathy was felt by the Japanese as keenly as any other people. The author expressed his sentiment on the occasion in the following words which appeared in the *Seoul Press* the morning following the annexation.

"The long expected moment has come at last. A nation of three thousand years' standing has come to an end. Who could forbear shedding a few tears for this unfortunate land? This sentiment, I believe, is shared by every sympathetic Japanese as well as by many a foreigner having relations with this country, although I trust at the same time, that every sensible man with no prejudice against Japan will readily admit that, in perpetrating this apparently cruel act, Japan has only done what a good surgeon would have done to a patient in order to save his life. It is but natural then that the sons of the soil should be sorry to see their country pass away like this. Sound reasoning and good judgment not only may help them to diminish their sorrow but will inspire them with new hope and fresh aspirations. But reasoning is one thing, feeling another.

"Only yesterday, Korea was the weakest and feeblest country in the world, powerless, nerveless and cursed by all. To-day it is a part of a strong power. It is true, as a nation she will cease to exist, but her people will exist, thrive and prosper under one of the best governments in the world. Their Emperor, who undoubtedly must have been very dear to them, has indeed been removed, but he

is to be accorded all the honour and reverence which none but a member of the Imperial family can enjoy in our Empire, and he will ever be honoured by all as one who has willingly surrendered his throne for the sake of universal peace. The high officials and *yangpan* (兩班) will, of course, never be allowed to wield those much abused privileges, but as long as they remain quiet, they are also to receive their due. And as for the people, protection and support will be extended to them to make them wiser, happier and richer. True they are deprived practically of all political power, power so coveted by Korean statesmen, productive of no good but the ruin of their country, but who knows that, H. M. the Emperor of Japan, so gracious and magnanimous, who thought it fit to confer highest honours and Government positions to those once-rebel-leaders, will not give due share of political power to these good people in due course of time?

"Some of the Koreans may say that they have lost their independence, but let us tell them that they have never had independence as we understand the meaning of the word. How can one lose what one has never had? True independence will they enjoy in future as citizens of the Empire of Japan.

"Thus enumerated, there is nothing really lamentable or worthy of our sympathy, but what we sympathise with is that temporary feeling of humiliation which must be felt especially by the enlightened and educated portion of the people, for we are aware that the pang of a wounded national pride is something very hard to bear. But let us tell them that such is only a temporary feeling and will soon be over. We are too closely connected in blood and lineage to admit of any long separation.

"Moreover, the Koreans are not the only people who were ordained to drink this cup. History supplies us with innumerable instances in which a fine and strong race was absorbed into another under circumstances much more tragical in order to build up a finer and stronger nation. Great as the English are, they are the result of such absorp-

tion and many a heartrending account is given in history of such events having taken place. We ourselves sprang from an amalgamation of a great many races and our ancient history gives us a faint idea how that amalgamation was completed. Indeed, one of our greatest generals who had brought whole of the Northern Provinces of Japan under the Emperor's rule was a Korean descendant. But such distinction has long been effaced. A Briton is proud of his being a Briton whether he be a descendant of a Norman or a Saxon, and we, for our being Japanese, though we are not sure what different bloods may be running in our veins. A discovery of our descendants of Chinese or Korean immigrants, of whom we have had so many, would not affect an iota our love for Japan. Time performs meracles. It is not at all unlikely that, ten or twenty years hence, we Japanese of two different origins may be holding with one accord on this very day a great festival in commemoration of this memorable event which has been productive of so much good and happiness for both peoples concerned.

"Nor is this all. It is not Japanese and Koreans alone who would be benefitted by this union. Korea has long been known as a hotbed of international calamities in the Far East, and who knows that with the increasing complication of international affairs she may become the cause of a worldwide struggle. The early removal of this bone of contention will surely be a great contribution to the peace of the world.

"The above may be rather a cold consolation to the aching hearts of this people. Be that as it may, we are confident of the future, and while sympathising with them in their temporary feeling, can not but congratulate them for their greater future."

Inexperienced as we then were in the administration of an alien people, and encouraged by the peacefulness in which the annexation was effected, we were perhaps over sanguine. Yet, with all the troubles we have since passed through in connection with the administration of this people,

we still see no reason whatever to abandon the hope above expressed.

The late Count Terauchi, the Governor-General by whom the annexation was carried out, spoke in the same strain when he said that "he did not regard the new territory as a dependency but as an integral part of the Empire of Japan." At any rate Japan was now given a free hand, and, fresh from her recent experience in administration in Formosa, set to work in real earnest. Then set in, unhampered by domestic political jealousy or by international rivalry, the period of real progress for Korea.

As a result of the annexation of Korea, the ancient name of the country, Chosen (朝鮮), was revived, which name had been in general use by the people for five centuries until it was changed to Taihan (大韓) in 1897. The honours and privileges enjoyed by princes of the blood in Japan were accorded to the former emperor and the other members of the imperial family of Korea. Abolishing the Japanese Residency-General and the Korean Government, the Government-General of Chosen was established in their stead. The laws and administration hitherto derived from two sources were thus unified and executed directly by the Governor-General. General Terauchi was appointed the first Governor-General of Chosen, and Mr. I. Yamagata, the son of the great Prince Yamagata, Administrative Superintendent.

The vital object of annexation being chiefly to secure peace and tranquillity for the Peninsula, guarantees in that sense were provided by the unification of the police system and the gendarmery—hitherto operating independently—which was carried into effect in June, 1910, as a preparation towards annexation. Especially after the annexation, police or gendarmes being distributed even in the remote interior of the Peninsula, were the insurgents or brigands, ranging the country without definite purpose except that of preying upon peaceful people of means, obliged to desist from their activity. Thanks to these measures, the annexation was carried out most peacefully. It was then that a perfect

security was guaranteed to the life and property of the Koreans, industry progressed, and commerce prospered, means of communication and transportation were perfected, schools, hospitals, and charitable institutions were established; in a word, the Koreans came to enjoy the benefits of modern civilization, and all this was the result of the good and just government which the annexation brought with it.

In October, 1916, General Terauchi, being appointed Premier of Japan, was relieved of his office in Chosen, and General Count Hasegawa, who had once served in Chosen as Commander of the Garrison, was appointed in his stead, while Mr. Yamagata was continued in his office as Administrative Superintendent.

(f) Recent Administrative Reforms: Thus things went well for nearly ten years after the annexation, and it was generally believed that they would go on ever so well until mutual affection and common interest had effaced all the distinctions now existing between the two peoples, and thus all causes of troubles would be removed. From this sweet dream, however, people were rudely awakened, when, in March, 1919, disturbances of a rather serious nature broke out in many places in the Peninsula, and though these were speedily suppressed, it became apparent that the Japanese administration in the Peninsula, with all its good intention, had not kept pace with the progress of the times. The Koreans, or at least a section of the Koreans, whose ideals had been undergoing constant change under the peaceful reign of the past ten years through education or otherwise, and influenced by the new ideas which the European War begot in the world, were not now satisfied with the mere material well-being brought by the annexation. They wanted something more, and though the Japanese authorities had been preparing to make a change in their administrative system to conform with this altered state of affairs they made a mistake in not effecting it soon enough. All the same, the lesson was taken in the best part, and reforms were speedily introduced into the

administrative system of Korea. The chief points of the reforms are :

1. Abolition of appointment of the Governor-General from among military officers exclusively ; that is, the extension of eligibility of appointment to civil officials ;
2. The Governor-General, formerly responsible immediately to the Throne, to be now amenable to the Prime Minister ;
3. The Governor-General to be relieved of the right of military command, which command is to be exercised by the Commander of the Army alone even should the Governor-General himself be a military officer ;
4. Substitution of an ordinary police force for the former system in which the gendarmerie played a considerable part.

A sweeping change in the personnel of the Government-General of Chosŏn was also effected. Marshal Count Hasegawa, Governor-General, and Mr. I. Yamagata, Administrative Superintendent, both of whom had rendered eminent service to the State during their occupancy of these important posts, resigned, and the vacancies caused by their retirement were filled by Baron Saito and Dr. R. Midzuno respectively. Baron Saito had long distinguished himself as a Minister of State, while Dr. Midzuno had not only filled with credit several important executive posts during a period of more than twenty years, but also held a Ministerial portfolio in the late cabinet. There is no doubt whatever that these two gentlemen will fully prove equal to the trust placed in them in carrying out the contemplated reforms in Korea. The principles upon which the reforms are based are best expressed in the statement made by the Premier, Mr. Hara, from which the following extracts are taken :

“ Korea is united geographically with the main islands of Japan, and the two peoples are closely related to each other, in race, in manners and customs, and in sentiments. No distinction or inequality should be allowed to exist between them as loyal subjects of the same Sovereign,



Admiral Saito,
Governor-General



Dr. R. Midzuno,
Administrative Superintendent



Offices of the Government-General

whether politically, socially, or otherwise. These considerations are understood to have invariably been kept in view in the Imperial Rescript issued at the time of the annexation, as well as in that which has just been issued. It should be noted that the existing administrative system of Korea is not meant to be of a permanent and unalterable nature, but that it embodies provisional arrangements calculated to meet the passing needs of the transitory period, until the final goal is reached.

"In pursuance of this policy, the Government are now decided to carry out various reforms in Korea, and it is their fixed determination to forward the progress of the country, in order that all differences between Korea and Japan proper, in matters of education, industry, and of the civil service may finally be altogether obliterated. The Government are moreover confidently looking forward to the eventual adoption in Korea of a system of provincial and municipal administration similar to that in operation in Japan proper, so far as circumstances will permit. For a speedy attainment of these objects, one naturally cannot rely solely on the force of organization and machinery; a great deal must necessarily depend upon the efforts of Koreans themselves toward their own upliftment.

"I am well aware that the system of gendarmery prevailing in Korea is being made a subject of criticism at home and abroad, but I would call attention to the fact that the institution originated in attempts to meet the exigencies of the situation under the régime of Residents-General, and was never intended to be a permanent arrangement. It is now proposed to have the gendarmery replaced by a force of police, to be placed under the control of local Governors in a manner similar to that which obtains in Japan, except in districts where conditions make its immediate elimination inadvisable.

"It is not possible at this moment to make any further announcement on the details of the contemplated reforms, which it remains for the newly appointed authorities to

work out. To sum up, however, it may be stated that Korea and Japan proper forming equally integral parts of the same Empire, no distinction should in principle be made between them, and that it is the ultimate purpose of the Japanese Government in due course to treat Korea in all respects as on the same footing as Japan. In this wise may be attained the only true object of the annexation, and on these lines may be expected the permanent advance and enlightenment of the Koreans. I trust that the above brief observations may assist the public at home and abroad to arrive at a full comprehension of the true intentions and policy of the Japanese Government."

PART 1

ECONOMIC RECONSTRUCTION

OF CHOSEN

CHAPTER I

REFORMS IN FINANCIAL ADMINISTRATION

Introduction of budgetary system ; Establishment of National Treasury ; Reforms in taxation system.

*Introduction of Budgetary System :—*One of the chief causes which led Korea to ruin was her financial disorganization, so, after the Russo-Japanese War, when Japan came to interfere more actively with the internal affairs of the country, it was from the fiscal side that she first undertook to reform them. The separation of the Imperial Household from the State, the reorganization of the central and local administrations, and the other reforms effected at the outset of the protectorate régime had for their principal purpose this one end—the placing of her finances on a thoroughly sound basis.

It has already been pointed out that the confusion of the State and the Imperial Household was one of the greatest sources of evils. To recount some of such evils from the fiscal side, the Imperial Household was provided with its own Financial Department, called *Kyung-li-won* (經理院), which was entirely independent of that of the State, and through it collected the mining tax, courier-service tax, house tax, and, strange as it may seem, the income from the sale of public offices. The Mint, again, was under its control, and the ginseng monopoly, originally conducted by the Finance Department of the State, passed later into its hands. In addition to these, the Household received large appropriations from the Finance Department of the State, and, not content with this, often encroached upon the revenue properly belonging to that Department.

Then Korea had no budget in those days. Budgetary regulations modelled on the finance law of Japan were indeed enacted in 1895; but the budgets compiled were far from showing true figures and were not adhered to at all in actual administration.

Soon after his arrival in Korea on October 14, 1904, the Japanese Financial Adviser, Baron Megata, decided to compile a budget for 1905, and requested all the Departments of the State to present their respective estimates to the Finance Department. Unprepared as they were for such strict measures, the department estimates were submitted considerably later than the time appointed; moreover, those at last submitted were far from satisfactory. The Adviser, however, revised them as best he could, as far as expenditure went; for the revenue he could but follow the figures of the preceding year, unreliable as they were. Thus compiled, the national budget for the year 1905 was published at the closed of the year 1904. Then he summoned the officials of the various departments and explained to them how the budget should be acted upon, and how important it was to adhere to the amounts contained in the document in the execution of their business. They were especially instructed that any application for money should be refused unless it bore the seal of the Financial Adviser.

Further, the Adviser caused the Korean Government to carry into effect the general financial laws, which, though existing since 1895, had become dead letters. On June 26, 1905, detailed regulations regarding revenue and expenditure were promulgated. The public tender system was introduced with a view to putting a stop to official favouritism and other evil practices to which Government contracts with individual contractors and merchants had been liable, while an inventory of Government properties and chattels was ordered to be kept in every office so as to prevent their private appropriation by individual officials.

Outside the general budgetary account, special accounts were established for carrying out such special undertakings as the construction of public roads, harbours,



Old Provincial Government Offices



New Provincial Government Offices

waterworks, etc., and also for various educational institutions, printing offices, model farms, seedling stations, etc. Last, but not least, the Bureau of Audit was established in the Finance Department in April, 1906, for Korea had no institution for auditing the State accounts until that time. All such reforms, some quite important, others apparently trivial yet very important under the conditions then existing in Korea, were carried out at the very outset of the protectorate régime, but, even so, the financial administration of Korea could only be conducted very imperfectly on account of its totally disorganized system of taxation and its equally disorganized coinage system. It needed many years' hard work to complete the fundamental reforms Japan then launched out upon.

Establishment of National Treasury:—The lack of a properly equipped national treasury was another of the great defects in the financial administration of Korea. Up to this time the public funds were handled by a class of privileged traders, called *cha-in* (差人), and this system was taken advantage of by officials for effecting dishonest practices, and, besides, the large amount of revenue continually outstanding was not a little responsible for the chronic deficiencies in the Treasury. Simultaneously with the reforms started in financial administration, therefore, the Seoul (京城) branch of the Dai Ichi Ginko, one of the most influential joint-stock banks in Japan, was authorized to act as the Central Treasury of the Korean Government, and other branches of the same bank as sub-treasuries (January, 1905). The Dai Ichi Ginko had been doing business in Korea for thirty years past, and was by far the largest institution in the Peninsula. Besides, it had rendered useful services to the Korean Government as its banker relative to Customs duties, and already enjoyed the privilege of note-issue. It was just in the position, therefore, to act as the central bank, and the new arrangement which came into force in July, 1905, made it that to all intents and purposes. Very frequent mention will be made of this bank in our subsequent narration, for its activity in the Korean financial

world, before the establishment of the Bank of Chosen, was such that no fiscal problem of any importance can be treated of without some reference to this institution.

The business of the National Treasury was further materially assisted by the post-offices in those places where sub-treasuries were not to be found. At the outset the Koreans regarded this procedure with suspicion, since the post-offices were controlled by the Japanese Government, but they soon learned to appreciate the convenience thus afforded them. The system is still in use and has proved one of the master-strokes of the policy of that transitory period. On the establishment of Agricultural and Industrial Banks in the following year, they too became agents of the Treasury.

Reforms in Taxation System:—It has already been observed that, in the days when the functions of the Court and the State were confused, taxes were imposed not only by the State but also by the Imperial Household, which despatched commissioners for that purpose. The taxes were also collected by the local magistrates, and, since there was no uniform system of supervision over these different levies, the confusion arising therefrom may easily be imagined. Dishonest exaction on the part of the tax-collectors was met by wilful deception on the part of the people who spared no pains to evade the taxes, and only a small portion of what was really collected reached its final destination, the larger portion being pocketed on the way. Besides, there was a large class of people who paid no taxes whatever. Investigations proved that a fundamental reform in the system of taxation would secure to the Treasury a revenue several times greater than the one actually obtained without increasing the burden on the people.

Early in the protectorate régime, or, to be more exact, in September, 1906, regulations relative to the collection of taxes were issued, according to which tax assessors were stationed in every important place, and subordinate assessors in less important places, and they were all held directly responsible to the Minister of Finance in the discharge of

their duties, while provincial governors were temporarily appointed *ex-officio* tax supervisors, and Japanese councillors were attached to both supervisors and assessors. Evils attending the old system of taxation were thus largely removed, but the reform of the system itself was no easy matter. There were innumerable obstacles to it which could be surmounted only by years of hard work. There was no census which could be relied upon with any security, nor a cadastre upon which to base the land-tax which constitutes the principal item of the revenue. Any radical changes were therefore avoided, and efforts were made to make the best of the old system to secure justice and equity to the tax-payers. To what extent reforms were then carried out may be seen by those effected in the land-tax, which, by the way, is by far the most important item of the Korean revenue, constituting 70 per cent. of the total national revenue in the fiscal year 1905.

The land-tax was levied on the old unit *kyel* (結) which was classified into six grades according to the productivity of the soil. The first grade of the *kyel* (結) represented 100 man-loads of unhulled rice, each man-load being composed of 10 sheaves; the second represented 85 man-loads, or 15 man-loads less than the first grade, and so on to the sixth grade which represented 25 man-loads. The number of *kyel* (結) in the country was, however, based on surveys made about five centuries before, when it was fixed at 1,455,492, and although the law of the land provided that the cadastre should be revised every twenty years, it had, it seems, never been carried out. Many *kyel* (結) of arable land had become waste through natural and other causes, and these were erased from the register; many waste lands had, on the other hand, been reclaimed and brought under cultivation, but the local magistrates purposely neglected registering such new *kyel* (結) for their own advantage. The result was that the total number of *kyel* (結) standing in the official record in 1902 was only 988,147. The new administration brought to light many such "concealed *kyel*

(隱結)” and the revenue was considerably increased without adding a cent to the burden on the people. Much the same condition prevailed in other forms of taxes, for instance, the house-tax. The number of houses from which the tax was collected totalled 1,384,493, but investigation proved that the number really liable to it was 1,633,162.

Meanwhile steps were taken to carry out land survey, which was all important not only as a means for procuring a basis for land taxation but also for protecting rights of ownership which were freely violated under the old régime. A land survey section was early created in the Finance Department, and it was largely for this purpose that the so-called “Second Public Undertaking Loan” amounting to Yen 17,963,920 was raised in Europe in 1908. The work was spread over seven consecutive years at a total cost of Yen 15,986,202. With the progress of this and other works, transitory measures gave way to permanent ones, one after the other, until the land-tax is now levied on the basis of cadastre books at the rate of seven-thousandths of the land value.

While the old taxes were thus being adjusted, some new taxes were created, and the stamp-duty system which was entirely unknown in Korea was introduced. But, first of all, care was taken to cultivate the fiscal resources of the country, long neglected by the former government and entirely dried up in many cases, and this gave birth to many governmental and private enterprises which proved very beneficial to both Treasury and people.

CHAPTER II

CURRENCY REFORM

Currency conditions prior to commencement of currency reform work; Policy and measures; Executive organ for currency reform; Withdrawal of old coins; Circulation of new coins and general result of reform work.

Currency Conditions prior to Commencement of Currency Reform Work:—(a) Native Currency: Of the early history of the coinage of Chosen, the *Moon Heun Pi Ko* (文獻備考), a treatise on laws and institutions enacted under successive Korean kings and compiled by the Court Chronicles, says: "In the 15th year of King Sung Chong (成宗) of Koryu (高麗) Dynasty (A.D. 996) iron coins were first used and high officials were ordered to put them into circulation on a good day." Though no word of minting appears in the statement, that they were minted and not introduced from China is shown by the fact that in the royal instructions issued by the next king, Mok Chong (穆宗), are found the words "coins minted in the preceding reign." No further record is found of this first coin of Korea nor is there to be found any specimen of it. Evidently it was very similar to those coined in later periods as is indicated by the term *kwan sak* (貫索 string put through) or *pang won* (方圓 square and round) appearing in the instructions issued by the next king. The coin was soon out of circulation.

In 1101, in the sixth year of King Sook Chong (肅宗), a silver coin by the name of *Eun Biung* (銀甁) was manufactured, and in the year following the oldest Korean coin of which specimens now exist was minted according to the method then introduced from China. The coin then minted was the Hai-Dong-Tong-Po (海東通寶).

Of the *Eun Biung* (銀瓶), nothing is known except that it was of silver, that it weighed one *kin*, was shaped after the form of the country and was commonly called *whal koo* (濶口). *Eun* (銀) means silver, *biung* (瓶) jar or vase, *whal koo* (濶口) large mouth. According to the idea conveyed by the name, therefore, it must have been something like a jar having a large mouth. Its description as being shaped after the form of the country suggests to us nothing of its form, as we have no idea as to what they conceived to be the form of the country.

The Hai-Dong-Tong-Po (海東通寶) is of copper, circular in form with a square hole in the centre. Four characters Hai-Dong-Tong-Po (海東通寶) are inscribed on the face around the square hole and the reverse side is left blank.

Hai Dong (海東) means "east of the sea" and is the name used by learned Koreans to designate their country irrespective of reigning dynasties as are also Dong Kook (東國 eastern country) Dai Dong (大東 great east) and, rather poetically, Kei Rim (雞林 cock forest). It was evidently so called because it lies to the east of China across the sea.

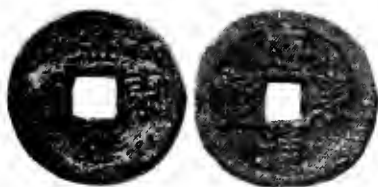
The Hai-Dong-Tong-Po (海東通寶) was followed by other coins, identical with it in all respects but the characters inscribed on them. These were Dong-Kook-Tong-Po (東國通寶), Dong-Kook-Choong-Po (東國重寶), Sam-Han-Tong-Po (三韓通寶), Sam-Han-Choong-Po (三韓重寶).

It does not appear, however, that coins circulated to any large extent in these old days though record has it that very great efforts were exerted by the authorities for that purpose. On the other hand, rice and cloth appear to have been the chief medium of exchange.

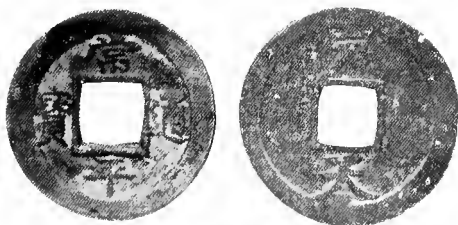
With the system of fairs pretty well organized from the earliest times barter seems to have been by far a more preferable means than an imperfect circulating medium. With the people of all trades coming from every part of the country or of the town into an appointed place it was not very difficult for each one to find an equivalent for his

OLD KOREAN COINS

(1)



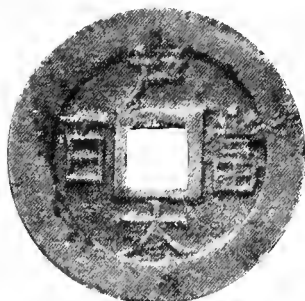
(2)



(3)



(4)



(5)



- 1 Hai-Dong-Tong-Po (海東通寶)—Oldest Korean coin.
- 2 Sang-Pyung-Tong-Po (常平通寶)—Ordinary *Yupchun* (葉錢).
- 3 Tang-Oh-Chun (當五錢).
- 4 Tang-Pak-Chun (當百錢).
- 5 Nickel coin.

products or wares in the articles he needed, their respective value being determined by means of rice and cloth. There was, however, one place, it would seem, in which money was used more conveniently than in any other place and where it was preferred to other forms of exchange medium. Such place was a restaurant. Perhaps this was because all visitors to the fair from distant places had to lunch there and it was not likely that all had something to offer acceptable to the proprietor in payment of their bill. Whatever reason may be given for this, it was the fact that, whatever there was a new issue of coin, it was always with restaurants that they were first placed, and the order was given to proprietors to use the coin even when other people were not so compelled. It is often recorded that the Government went so far as to establish restaurants just for the purpose of teaching the people the use of money. All these means, so often repeated at later times, were tried at this time but were of no avail.

Then came the first foreign interference in monetary matters of the country recorded in history. It is interesting to note that the monetary interference successively attempted by Japan and Russia in recent years was nothing but a copy of the policy pursued by China under the Yuan (元) dynasty some six hundred years before. The *Moon Heun Pi Ko* (文獻備考) says (Chap. 159, p. 5): "In the 13th year of King Choong Ryul (忠烈) (A.D. 1287) Yuan (元) sent an envoy and decreed that the Chi-Won-Po-Cho (至元寶鈔) and Choong-Tong-Po-Cho (中統寶鈔) should be used and that 1 *kwan* (貫 string) of the former should be exchangeable for 5 *kwan* (貫 string) of the latter." These were Chinese paper money. This was the period in which the power of China took the most aggressive form. It was but seven years before that she made an unsuccessful attempt on Japan when the greatest fleet that has ever visited the coast of Japan was defeated and annihilated. Having so formidable a power to dictate to her, Korea could only submit and obey. Some Chinese coins also must have made their way into the country about this time, for in

1385, it was found necessary by a decree to fix the relative value between Chinese money and Korean cloth by which 1 *kwan* (貫 string) of the former was made exchangeable for 5 *pil* (匹 piece) of the latter. This statement shows at the same time that Korea had then no money of her own to compare with the Chinese, but that cloth formed the principal standard of value. The existence of Chinese coins in no small quantity in these times, is further proved by the fact that they are so often found in old Korean graves dating from those days.

In 1464, the 9th year of King Sei Jo (世祖), a very singular kind of coin was minted. It is no doubt one of the most eccentric coins which human ingenuity has ever conceived. It was so designed that in time of peace it was to be used as money and in time of war as an arrow-head and hence was called *Jun Pei* (箭幣) i.e. arrow coin. The royal instructions on this occasion appear in the *Moon Heun Pi Ko* (文獻備考) which may be translated: "Different moneys were used in different reigns but each one suits its time. The arrow coin, though never used by the ancients, will surely prove useful to a warlike country and we see no reason why it should not be used."

Unfortunately the coin failed to answer either as money or as an arrow-head. The fact that it has never been mentioned since will be sufficient proof of the failure of this novel attempt. No one would like such a prickly coin which could not be pocketed with any safety nor be handled but with great caution. It must have gone out of circulation as fast as it was issued.

In 1625, the 3rd year of King In Jo (仁祖), a new coin was minted. It is recorded that this time stores were established in the Capital in which wines and food were sold for money; the people imitated this, and knew for the first time the advantage of money. The *Cho-Sun-Tong-Po* (朝鮮通寶), specimens of which now exist, is in all probability the coin minted at this time.

Eight years later, in 1633, a Government Office by the name of *Sang Piung Chung* (常平廳) was ordered to mint

a coin on which were inscribed the four characters Sang-Piung-Tong-Po (常平通寶). This event in itself is of no great consequence, being only another failure to add to the already long list of failures. But the fact that the coin bore the four characters Sang-Piung-Tong-Po (常平通寶) gives much significance to this otherwise unimportant event, for, though many changes were afterwards made in the coinage of the realm, these four characters remained unchanged on each and every coin minted up to the very last day on which Korea ceased forever to mint the so-called cash or *yupchun* (葉錢). Evidently it was so inscribed as the coin was first minted by the Sang Piung Chung (常平廳), which was a kind of famine relief office. Sang (常) means "always" piung (平) "even"; the two put together meaning "always even" making a fit name for a famine relief office by which the surplus of a good year is kept to make up the deficit of a bad one.

In 1678, the 4th year of King Sook Chong (肅宗), it was decided that coins should be minted and orders to that effect were given not only to the Sang Piung Chung (常平廳) but to various other government offices such as the Ho Cho (戶曹 Revenue Office), Jin Hiool Chung (賑恤廳 Charity Office), Sa Bok Si (司僕寺 Bureau of Royal News), Urh Yung Chung (御營廳 a military office) and Hoon Riun Do Kam (訓練都監 a military division) and to some provincial military stations such as those in Pyung An (平安道) and Chulla (全羅道) Provinces.

This constitutes a turning point in the coinage history of Korea. The economic position of money was at last established and rice and cloth were deprived forever of their monetary function. It took, as it were, a firm root in the soil of this country, and if it did not contribute much to the well-being of the people, it, at least, began to be regarded as indispensable to the economic life of the nation. This new issue of coin was followed by many others. Indeed the two hundred years that followed was the period in which money thrived most in Korea. Coin after coin was issued under different pretexts, at different times and in

different places. There were so many, indeed, that it is impossible to describe them separately in this limited space.

At the beginning of the protectorate régime Chosen was divided, as far as the currency was concerned, into two different states, the people of the north-western part of the Peninsula using new coins made of nickel, while those in the southern and north-eastern parts remained users of *yupchun* (葉錢). Besides, at the open ports the Japanese currency circulated freely.

An account of *yupchun* (葉錢) has already been given; it remains here but to describe how it was that nickel, by far the worse of the two, came to be used.

Originally, as noted above, the whole country used *yupchun* (葉錢), no better coin ever having been in circulation in the Peninsula in any large amount. The currency condition of the country then was not so bad as it would seem, since being of copper, cumbersome as they were, they yet contained their nominal value of metal. Their value depended upon that of copper, and was influenced by the principle of supply and demand. But, later on, the Government, pressed by pecuniary embarrassment, started to mint and put into circulation certain coins at a face value much higher than that of the metal they contained. Thus it came to pass that the coins named *tang-pak* (當百), and *tang-oh* (當五), signifying "worth one hundred" and "worth five" ordinary coins, were minted. The former was considerably larger in size than the ordinary *yupchun* (葉錢), but by no means warranted any such value as represented by it. The people, of course, refused to take it at its face value and in a short time the Government had to cease minting it. The latter, the face value of which was fixed at five times the ordinary coin, was nearly of the same size as the larger of the ordinary *yupchun* (葉錢), so that in most places it commanded no higher value than that coin. The minting of the nickel coin was the last of the series of such attempts, and was the one attended by the greatest success so far as mintage profit was concerned. The metal being different from that used for *yupchun* (葉錢), the coin commanded, at

least at first, its nominal value, and was naturally coined in preference to any other. A large amount of nickel coins was turned out by the Mint, and as this proved a most profitable business it kept on minting nickel regardless of consequences. The practice of private coinage also set in, and as these private coins were hardly inferior to those officially minted, in quality or in execution, they were soon circulating indiscriminately side by side with the official coins. This inflation of currency was soon accompanied by all its evils. Credit fell, prices of commodities rose and fluctuated violently, aggravating business risks. But all this was overlooked by the Government. They kept on minting nickels and nothing but nickels until half the country was flooded by them. Private coinage was also countenanced by officials in consideration of the bribes it brought in, and some of them went so far as to lend out the official dies. At length the nickel fell to below half its nominal value in comparison with other currencies. The Government was alarmed, but it was too late, and its ruinous effect seemed almost beyond remedy. This nickel coin and the *yupchun* (葉錢) were practically the only currencies then in circulation except for the Japanese currency which will be described below. There were some silver coins, also some copper coins different from the *yupchun* (葉錢), but their amount in circulation was so exceedingly small that comment on them is hardly necessary.

(b) Japanese Currency: The lack of good money at home naturally encouraged the circulation of foreign monies, mostly Japanese and Mexican. At first the Mexican dollar was most largely in use but the presence of a great many counterfeits made the people weary of it, and it was gradually replaced by the Japanese silver coins. In the wake of the Japanese silver coins came the Japanese paper money which was well received owing to the popularity of the silver coins on which it was issued, and these two constituted the sole currency in use in foreign trade. The Chino-Japanese War caused a large amount of Japanese money to be expended in Korea, and this fact, together with the

growth of the Korean-Japanese trade, made circulation of that money quite extensive. In 1897, however, the coinage standard of Japan was changed from silver to gold, and this would ultimately have involved the withdrawal of her silver coins from Korea. Great anxiety was entertained by the Japanese merchants resident in Korea on this account lest the trade should suffer from it, and, after some negotiations with the authorities, it was arranged and approved both by the Korean and Japanese Governments that the Japanese silver yen should be stamped and circulated in the country.

The Japanese currency was thus fast acquiring in Korea a position akin to a standard money when its progress was suddenly checked by rivalry between two contending Powers. M. Alexieff of Russia was appointed Financial Adviser to the Government of Korea in 1897, and exerted all his power and influence, backed by the mighty Russian Government, to throw obstacles in the way of the smooth circulation of the Japanese money. Influenced by his views the Korean Government promulgated without any warning new coinage regulations on a gold basis, essentially the same as those of Japan, in February, 1901, closely followed by a proclamation prohibiting the use of the stamped Japanese silver yen. The result of this rash action, resorted to without due preparation, may well be imagined. Trade suffered greatly, a protest was lodged by Japan, and the ban was removed the following July.

Though the prohibition was thus revoked the circulation of the silver yen had considerably suffered from it. The Korean Government, taking advantage of the scarcity of currency thus caused, issued nickel coins which, however, were of no use in foreign trade. The Japanese silver yen was issued no more and its amount in Korea daily decreased. All these circumstances caused the Bank of Japan notes to be current more and more extensively, but their circulation was mostly confined to the open ports, leaving the monetary conditions in the rest of the country as chaotic as ever.

Policy and Measures :—Such were the currency con-

ditions about the year 1904. The coinage reform was, therefore, the very first thing undertaken by the Japanese Adviser on taking up his duties, for he perceived that unless this was done any other reform in the fiscal systems was of little use or even hardly possible.

The great principle upon which the reform work was to be based was laid down in his memorandum to the Government and in effect was as follows: (1) The great defect in Korea's currency system is in the lack of a standard money; this should be provided for; (2) The nickel coin has been debased and confused with counterfeits beyond remedy; this should be entirely withdrawn and replaced by a better coin; (3) The *yupchun* (葉錢) is circulated to excess; this should be reduced to a proper amount.

As to the coinage system, it was agreed that, since Japan had the closest relation with Korea economically and geographically, it should be made identical with that of Japan. For this there was no necessity to enact a new law, for Korea had one already, enacted as early as 1901, which was, in the main, analogous with the coinage law of Japan. She had only to revive the old law and put it into force.

Thus a new coinage system was established in January, 1905, when it was proclaimed that the above-named law of 1901 would be put into force from June 1, 1905. It was further provided that the Japanese currency identical with that provided for in the above law should be permitted circulation, and the standard money of Japan, or bank-notes issued against the standard money of Japan, made the standard money of Korea. In short, the new law made Korea a gold country having the same coinage system as that of Japan, with the same standard money, and with subsidiary coins indetical with those of Japan in denomination, fineness, and weight, and differing only in impression.

By virtue of this and other laws, the Dai Ichi Ginko note which was issued on the Japanese standard money was given the force of a standard money of the country, and new coins were minted which were to replace the old nickel

coins and part of the *yupchun* (葉錢). There remained however the onerous task of withdrawing the old coins so as to make room for the new ones and this constituted the most difficult part of the whole work.

Executive Organ for Currency Reform.:—The policy being fixed, the law promulgated, there only remained how to execute them. It was in this that the Koreans had always failed, not for the lack of legislation, but for the want of the hand to execute it. The Government could do it undoubtedly, but the examples set by advanced nations showed them the wisdom of putting the matter into the hands of one large banking institution. Such an institution was found ready at hand, and it was none other than the Dai Ichi Ginko.

The Dai Ichi Ginko had been doing business in Korea for thirty years past, and had interwoven itself into the country's financial affairs so closely as to permit of no separation, for it was to this bank that the management of Customs duties had been entrusted, and the privilege of issuing notes granted. It was decided that the bank should be entrusted with the duty of a central bank, and, while controlling the money market as such and discharging the duty relative to the Treasury business on the one hand, should engage, on the other, in the carrying-out of the proposed monetary plans. An understanding was arrived at between the Japanese and Korean Governments on the one side and the Dai Ichi Ginko on the other, and on the 30th of January, 1905, an agreement was entered into between the parties concerned. By this agreement the Dai Ichi Ginko was bound to carry out the proposed monetary plans under the supervision of the Minister of Finance of Korea, while the Government of Korea was bound to acknowledge the Dai Ichi Ginko note as legal tender and to advance to the bank the sum of Yen 3,000,000 as adjustment funds, provided that, should the above sum proved insufficient, the deficit should be temporarily made good by the bank.

On the establishment of the Bank of Chosen, then

called the Bank of Korea, the work was transferred to the new central bank. It may be said to the credit of these institutions that the success of the currency reform was in no small measure due to the happy choice then made of the executive organ for this important task.

Withdrawal of Old Coins :—(a) *Withdrawal of Nickel Coins :* The nickel coin was first dealt with for it was the worst of all Korean coins, and the depreciation it was undergoing was such as to permit of no delay. The amount of nickel then in circulation was estimated at about 23,000,000 *won* (圓) constituting more than one-half the total amount of money current. Three means were resorted to for its withdrawal, that is, (1) exchange; (2) Treasury receipts, (3) purchase; of these exchange, that is exchange of nickels for new coins, was first tried. Exchange offices were established for this purpose in various parts of the country and the people were persuaded to resort there for exchange. The task however bristled with difficulties. Every possible measure was taken to deal out fair treatment to the applicant, and the rate of exchange was fixed at 2½ *sen* for a good coin, and 1 *sen* for a bad one. But the Koreans, made suspicious to the last degree of the good faith of Government orders in the past, doubted if they would receive sufficient value in exchange for their nickels, and the common desire to avoid any incidental loss, consequent on the exchange, gave birth to a general tendency to invest their nickels in real estate or other forms of property, and this still further accelerated the depreciation in the value of the nickel. This opportunity was seized by some Japanese and Chinese merchants, trustful of the Government but eager to profit by hook or by crook, to make a corner in nickels. Nor was the credit of the new coin given in exchange for the old as yet established. In Pyengyang (平壤), where the nickel was most extensively used, public disturbances were threatened, and the officers even resorted to the humiliating task of a door-to-door exhortation. Everything thus augured ill for the reform. But when the exchange began and the people received their

due, doubt disappeared and the work went on satisfactorily. As the work progressed, however, the contraction of the amount in circulation naturally tended to enhance the value of the nickel, making the exchange so much the more difficult.

Simultaneously with the opening of the exchange offices, nickels were allowed to be used in Treasury payment as taxes, or otherwise, and once received were not re-issued. No small amount of nickel was withdrawn in this manner. But this also decreased along with the diminution in the coins in circulation.

Finally a more positive method was resorted to, namely withdrawal by purchase. Part of the currency reform fund was loaned to reliable merchants to effect the purchase therewith, and every encouragement was given to banks and guilds to take in nickels. In February, 1908, it was finally decreed that the circulation of the old nickel coin would be prohibited after the 30th of the following November. Thus in due course the most harmful of Korean coins was removed once and for ever.

(b) Withdrawal of *Yupchun* (葉錢): The *yupchun* (葉錢) was, as we have said before, a far better coin than the nickel. While half the country was flooded by the nickel the people of the other half remained faithful to this old, old coin. They were doggedly attached to this coin from force of habit, and detested any other coin. They were performing the function of a standard money—on a copper basis, so to speak. But, now that the coinage system was established on a gold basis, it was necessary to relegate them to the position of a subsidiary coin, and to do this the new coins had to be introduced at all cost. Nor was this all. They were unfitted for large transactions. To give an idea how cumbersome a money it was, the fact may be mentioned that, when the Japanese army bought timber up to Yen 10,000 in the interior where *yupchun* (葉錢) was in use, the army had to charter a steamboat and fill her completely with copper cash to finance the transaction. At any rate, the difficulty of withdrawing so popular a money can easily be appreciated.

It was the undeviating policy of the authorities to effect the withdrawal of *yupchun* (葉錢) chiefly by means of Treasury receipts and not by exchange as in the case of nickel coins. Their rate of exchange for new coins was, therefore, constantly changed so as to make it conform to that ruling in the market. But then the price of copper was rising the world over and this caused a corresponding advance in the price of *yupchun* (葉錢). The rate at 1 *rin* a piece first fixed was soon raised to 1.5 *rin* a piece, then to 1.8 *rin* and then to 2 *rin*. But the market price went on rising even faster; it rose indeed at one time to such a height that the current price of copper, high as it was, by no means warranted, reaching at times 2.5 *rin* and even, though rarely, 2.7 *rin*. Nobody would bring them to the Treasury under such circumstances and no purchase could be made by the authorities at such an exorbitant price.

Yet, strange to say, the withdrawal of the coin was steadily being effected all this time through the great force of nature. The world-wide rise in the price of copper caused even this venerable coin of Korea to be exported to those parts where it would fetch the best price. During the period of two years and a half, from January, 1905 to July, 1907, the total amount of *yupchun* (葉錢) exported was estimated at Yen 1,600,000, a large amount indeed from the Korean economic standpoint in those days. But, as the market quotation of the coin rose to the level of that of the outside world, or even higher, the export could not but decrease, and the sudden fall of copper in July, 1907, put a complete end to such export.

By then the amount in circulation had been considerably reduced and it was not considered a wise policy to pursue further its withdrawal. The value of the *yupchun* (葉錢) was therefore fixed at 2 *rin* per piece once for all and its use was permitted as legal tender to the amount of not more than one yen.

Circulation of New Coins and General Result of Reform Work:—It has been repeatedly remarked that a great defect in the Korean coinage system lay in the lack of a

standard money and the super-abundance of subsidiary coins. To supply, therefore, a standard money to the market was most urgent. At the outset of the reform work gold coins to the amount of Yen 1,450,000 were minted, but these were mostly held by the Issue Department of the Dai Ichi Ginko as reserve for its notes, which were to be regarded as the standard money in the market, and it was well that this was so, because these notes had already been in circulation in Korea for many years and enjoyed great credit. To encourage their use was, therefore, a matter of prime importance.

With regard to subsidiary coins the urgency was not so great at the outset, there being too many of them in the form of *yupchun* (葉錢) and nickel. Nevertheless, their circulation was most assiduously encouraged from the beginning, not from necessity but by way of accustoming the people to their use, so that by the time necessity did arise, which would surely come sooner or later as the withdrawal of the old coins progressed, there might be a good many people using them with confidence. Of the means resorted to, the following were the more important: (1) Distribution of samples of the new coins among district offices and chambers of commerce to familiarize the people with their form; (2) Distribution of booklets entitled "Questions and Answers on Korean Money" to enlighten the general public on matters of coinage; (3) Requesting of large companies to use the new coins in their payment of wages, salaries, etc., and sending of such coins to them freight prepaid; (4) Granting of loans in new coins free of interest to merchants having wide connections and desiring to make payment in various districts in such new coins, on condition that reimbursement was made in bank-notes or old coins. Experience showed that the last means was most effective; so a more extensive use of this means was made by making such free loans through the medium of local banks. At one time the balance outstanding of loans of this nature amounted to Yen 682,000.

In summing up the results of the currency reform it

may be said that it was one of the most remarkable feats accomplished by Japan in Korea. In less than five years one of the worst currencies in the world was changed into one of the best. While in China and Manchuria monetary disorder was prevailing with no signs of improvement, Korea had a coinage system as perfect as any civilized country in the world, and its money has come to enjoy an absolute credit both at home and in countries surrounding it. A standard money of Chosen, the Bank of Chosen note, pushed its way far into Manchuria, until, in part of that country it was made the legal tender. It followed the Japanese armies to Tsingtao (青島) and to Siberia, and in these places is now received and paid quite freely. Who, at the beginning of the reform work, could have imagined such a great future for the new money which Japan introduced to the Peninsula!

CHAPTER III

ESTABLISHMENT OF A CENTRAL BANK SYSTEM AND CREATION OF NEW MONETARY ORGANS

Condition of banks in 1905; Dai Ichi Ginko as central bank *ad interim*; Establishment of warehousing companies and note associations; Agricultural and industrial banks; Local credit associations; Establishment of the Bank of Chosen.

Condition of Banks in 1905 :—Banking, as the term is now understood, was entirely unknown to old Korea. There were however pawnbrokers, “mutual money accommodating societies,” and innkeepers who engaged in such bank-like business as making loans, receiving deposits at interest, and discounting promissory notes of a very rudimentary nature.

The Dai Ichi Ginko of Japan had a branch in Fusan (釜山) as early as 1878, and was no doubt the first real banking institution ever to do business in the Peninsula. It continued to open branches in various other places, encouraged by the growing trade between Japan and Korea, until there was no place of any commercial importance that did not have one of its offices. The Ju-hachi Ginko, another Japanese bank, opened its first branch in Korea in 1890. This example was followed by still another Japanese bank, the Goju-hachi Ginko (later amalgamated with the Hyaku Sanju Ginko) which first established itself in Korea in 1892. These were the three Japanese banks existing in the Peninsula at the time we are now speaking of. Several attempts were made by the natives at the establishment of banks, including one at the central bank, but hardly had they

opened their doors than they failed. Only two survived, the Hansung Bank (漢城銀行) and the Chun-il Bank (天一銀行). The Hansung Bank (漢城銀行) was the only native bank in Chosen then actually open to business. Originally a private institution, it was reorganized into a joint-stock company by the help of the Dai Ichi Ginko, but even then its progress was anything but satisfactory. The Chun-il Bank (天一銀行) was hardly worthy of the name of a bank, its business being practically in suspension at this time.

The operations of these institutions, Japanese and Korean, were mostly confined to large cities and open ports, and the people in most places were in no position to receive their benefits. The Hongkong and Shanghai Banking Corporation and some other foreign banks had their agents in Chemulpo (仁川) but their business was confined to exchange and, though they undoubtedly rendered very good service in their own sphere, their influence was very limited. The Japanese banks were in much the same position, their operations being mostly confined to the Japanese residents. There was only one bank in the Peninsula possessed of great influence with both Government and people, and whose work had a far-reaching effect on the economic life of the country. The bank was the Dai Ichi Ginko, the predecessor of the Bank of Chosen.

Dai Ichi Ginko as Central Bank ad interim:—The Dai Ichi Ginko was but a private joint-stock bank in Japan, though the oldest and one of the most influential banks there, and as such it established branches in Korea, first in Fusan (釜山), when that town was the only open port in the Peninsula, then in Wonsan (元山), Chemulpo (仁川), Mokpo (木浦), and Chinnampo (鎮南浦), as these ports were one after the other opened to foreign trade. The branch in Seoul (京城), which was destined to play the rôle of a central bank for the whole Peninsula in after years, was opened in 1888. Branches were also established by it later on in Pyengyang (平壤), Taiku (大邱), Songjin (城津), and Kaisung (開城).

The business of the bank was first confined to exchange operations to facilitate trade with Japan, but as time went on other departments of the banking business were added, and during the wars of 1893-5 and 1904-5 it was entrusted by the Japanese Government to conduct the National Treasury business for that Government in the Peninsula. But the most important part played by it in Korea lies in the fact that it acted in its earlier days as the depository of Customs duties and issued bank-notes in that connection, and in later days it acted as a *de facto* central bank of the country.

The handling of the Customs duties by the Dai Ichi Ginko dates back to 1883, when an agreement relative to it was concluded between the bank and the Commissioner (von Mollendorf) of the Korean Customs. It was then that the bank issued notes, first on Korean currency, then on the silver yen or Mexican dollar, according to which money the Customs duties were payable in, thereby to facilitate their payment. In 1902 the bank issued notes on gold, the Customs duties, too, being made payable in gold, and this constituted the first bank-note on a gold basis in Korea, the Government of which, some years later, raised it to the position of the legal tender of the country. During that time, however, the Dai Ichi Ginko notes led quite an eventful career. But on the whole their circulation increased as the years went by, and this very increase in circulation often made them the object of misunderstanding. More than once they were subjected to persecution, official and otherwise, which much retarded their progress. But all this only served to heighten their credit after all. The sphere of their circulation kept extending, and, by April, 1904, the amount in circulation had reached Yen 1,300,000.

When reforms in the financial administration of the country were started in 1905, the necessity of a central bank was felt in many ways. It was needed (1) as banker to the Government, (2) as provider of the legal tender currency, (3) as regulator of the money market, and (4) as financier of the various public undertakings of the country.

Moreover, the Government was face to face with the onerous task of coinage reform work, which rendered such an institution an absolute necessity. Yet the time was not ripe for the establishment of a central bank, and, if a choice was to be made among the existing institutions, there was no question whatever that the Dai Ichi Ginko was the very best. Thus in January, 1905, a hitherto foreign bank was at a jump converted into the central bank of the country, and it proved worthy of its trust. As Government banker, as reformer of coinage, as helper of weaker institutions, it achieved a signal success, part of which has already been related. It may be said to its credit that the two native banks, Hansung (漢城銀行) and Chun-il (天一銀行) already referred to, were revived largely by its assistance. Both are now prosperous institutions, the latter having been renamed the Chosen Commercial Bank.

The centre of the monetary activity was thus fixed; it was now necessary to complete its ramifications, and this gave birth to the various monetary organs which we shall proceed to describe.

Establishment of Warehousing Companies and Note Associations :—(a) Warehousing Companies: The reform works, well meant as they were and admitting of no doubt as to the ultimate good they would effect in due time, could not but cause a temporary dislocation of the economic fabrics of society. It has been observed in the previous chapter, how in Seoul (京城), on the eve of the withdrawal of the old nickel coins, public suspicion gave birth to a general tendency on the part of the people to invest their nickels in real estate and other properties so as to get rid of their nickels before it was too late. Many native merchants had in this way locked up their disposable capital in merchandise for which there was no ready market, and were in consequence exceedingly hard up. To relieve these merchants a co-operative warehousing company was formed in Seoul (京城) in December, 1905, with a capital of Yen 250,000, of which Yen 100,000 was in the nature of a subsidy from the Government. It was organized to enable

these merchants to get loans on their merchandise by means of the warrants issued by the company, and so get over the financial embarrassment which their shortsightedness had brought upon them. Similar companies were later established in provincial towns. Thus one of the most important forms of commercial credit was for the first time introduced into the country.

Then again there was an old official custom called *wei-hwek* (外劃), by which local executive officials took the liberty of lending money collected by them, in the form of taxes or other Government receipts, to merchants in their respective localities for from several months to several years. Bad and liable to abuses as this custom was from a fiscal point of view, it had at least one merit; it helped local economy. Nay, even the irregularity of the taxation period was not without merit, since it did not produce that periodical drain on money to which advanced economic societies are more or less subjected. The custom of *wei-hwek* (外劃) prohibited, and the period of tax-collection fixed, it was found necessary to provide means for the local people by which they could procure the necessary funds in time of need. Prompted by this idea, provincial warehouses were established in 1905 in several agricultural centres under Government management, and facilities were given to the local people by supplying them with the necessary funds on the security of their property and products. They even went so far as to make advances on purely personal security.

(b) Note Associations: From early times Korea had a credit instrument which went by the name of *oum* (魚驗 又ハ於音), largely in use by her merchants. It was a promissory note of a very rudimentary nature, being a paper about one inch broad and several inches long on which the sum, the due date, and the names of the payer and payee were written. This paper being then torn in two, one half was given to each party, and the debtor was bound to pay the amount at due date whenever the missing half of the note was presented. Ingenious as was the

method, it was liable to abuses inasmuch as there was no regulation to govern it, and, as a matter of fact, it was responsible for many commercial crises in the past. Especially did it constitute the principal cause of a great crisis which took place in Seoul (京城) in August, 1905. Consequently, regulations for promissory notes were issued the following month, accompanied by the regulations for note associations. By the former, the nature and use of, and obligation of parties to, the notes were defined, while the latter ensured its smooth circulation by causing those desiring to make use of this convenience to form associations, each member of which was to guarantee the payment of notes issued by the other members. Thus means were taken to show the people the beauty of a credit instrument used in advanced society.

All these institutions were, however, devised as expedients to meet emergencies. The warehouses have since been removed from Government management, the note associations dissolved, and the note regulations themselves have been largely revised. Even while these institutions were being established, more permanent ones were being set on foot. One of these was the Agricultural and Industrial Bank, and the other, the Local Credit Association.

First of all, however, it was found necessary to provide the country with banking regulations and so safeguard the public interests from being endangered by irresponsible banks and money-lenders. Such regulations were promulgated in May, 1906, and by them it was provided that any individual or company engaging in the discounting of bills, exchange, or deposit or loan of money, should be considered as a bank, no matter what the appellation it might call itself by, and as such be made subject to the surveillance of the Minister of Finance, while official permission was required for the creation of new banks.

Agricultural and Industrial Banks :—The necessity of providing the Korean farmers with funds to carry on their occupation on more modern lines was recognized by the authorities as early as the year 1906, when regulations

for the establishment of the Agricultural and Industrial Banks were published. Under these regulations 8 banks with 11 branches in all were first established with an aggregate capital of Yen 1,000,000, and this was increased to 9 banks with 17 branches at the end of 1907, with an aggregate capital of Yen 1,200,000. Though their capital was thus very small, their business could be carried on on a fairly large scale since they were authorized to issue agricultural and industrial debentures to the extent of five times the amount of the paid-up capital, and also to receive deposits of ordinary character just as other banks in the country did (though with due restrictions as to their amount, and the manner they should be employed so as to secure their liquidity), and further, loans were made procurable on very liberal terms either from the Government or from the central bank. Their business was in the main as follows: (1) to make loans on the security of immovable property redeemable in annual instalments or at a fixed period, (2) to make loans on the same terms as above but without security to public bodies organized by law, (3) to make loans without security redeemable at a fixed period within five years on the joint signatures of 20 or more farmers or industrials, provided they are reliable, (4) to make loans on native products or on the warehouse warrants for such products, all subject to the proviso that the loans thus made are employed for the purpose of (1) cultivation, drainage, irrigation, or improvement of the soil, (2) construction or improvement of roads, (3) forestry undertakings, (4) purchase of seeds, young plants, manure, or materials for agriculture or manufacture, (5) purchase of agricultural or manufacturing implements or instruments, boats, vehicles, or live-stock, (6) construction or improvement of buildings for agricultural or manufacturing purposes, (7) any improvement in agriculture or manufacture not mentioned in the above classes. The primary object of these banks was, as their name indicates, to help develop agriculture and industry by supplying farmers with necessary long-term loans, taking as security such immovables as

lands, buildings, etc. But they were established at such a time that scarcely a bank of any kind existed outside the large cities, and, in view of this, they were allowed to engage in discounting commercial bills and other business of a commercial nature as a secondary work. An account of their development will be given later on.

Local Credit Associations :—For small farmers and the peasantry the above institutions were found still too large and not accessible enough. As a remedy for this defect associations were established by virtue of the Local Credit Association Regulations promulgated in June, 1907. The object of the associations was, as auxiliaries to the Agricultural and Industrial Banks, to accommodate small farmers with necessary funds and to look after their interests in various other ways so as to ensure a healthy development of agriculture. The membership was confined to those engaging in agriculture in the district or districts in which they were domiciled, and each association was organized as a corporate juridical person. Each association received Yen 10,000 as a foundation-fund and a Government-appointed manager whose salary and travelling allowances were met by the Government. The principal business of the associations was to loan agricultural funds to, and store the crops of, their members, but they were allowed as side-business to engage in the distribution and loan of seeds, seedlings, manure, and tools to their members and also to undertake consignment sale of members' products. Besides they were allowed to raise loans when necessary. The profits were to be set apart as joint foundation-funds to provide for such time when their business, developed and extended, might call for a larger amount of funds.

The Government assiduously encouraged the establishment of the associations. At first it intended to have 50 associations established in the Peninsula, and, as early as the close of 1908, there were already 48 open to business, and 2 in the course of establishment. It was soon found that the associations were doing very well, their investments good, and that they had done much towards the improve-

ment of local economic conditions in the short time that had elapsed since their establishment. Their side-business, such as the consignment sale of agricultural products, joint purchase of commodities, and warehousing business, had also made good progress. Later the Government sent to each association an agricultural expert that he might show the local peasants how to improve their farms. In 1909 it was decided that another 50 associations should be established, making a total of 100—so good was the result of their work. At the end of 1909 there was 100 associations with a membership of 30,996; their capital aggregated Yen 1,000,000, advances Yen 492,697, reserve funds Yen 16,493, and net profits Yen 47,688.

In 1914 a revision was made in the association regulations, the principal changes thereby introduced being as follows:

Whereas, in its earlier days, the funds of the association consisted solely of the Government contribution of Yen 10,000 each member was now required to subscribe to one or more shares of the association, each share being Yen 10 in amount, on which a small dividend was paid, the liability of a member being limited to the amount he thus subscribed. Further the association was allowed to receive deposits of its members and even of non-members, subject, in the latter case, to the sanction of the Government-General. The association was further authorized to act as agents of the agricultural and industrial banks. This enlargement of the funds at the disposal of the associations increased considerably their efficiency and further accelerated their development as will be shown later on.

Establishment of the Bank of Chosen:—We have now to relate the establishment of our own institution, in commemoration of the decennial of which this very work is published. On October 30, 1909, now ten years ago, four years after the inauguration of the Japanese protectorate in the Peninsula and about one year before its annexation, the Bank of Chosen, then called the Bank of Korea, came into being as the central bank of independent Korea. It took place in this wise:

For nearly five years after the Government of Korea adopted a central bank system in 1905, the Dai Ichi Ginko, by virtue of an agreement entered into with the Government, performed the functions of a central bank, handled State money, engaged in coinage reform, and fulfilled many other duties which the Government imposed upon it. By this time, thanks to the reconstructive measures, part of which have already been, and part will hereafter be, described, Korea had undergone great changes; laws had been nearly perfected, finance adjusted and expanded, and national economy had also made a corresponding progress. These circumstances made it clear that it was not for the permanent interest of the nation to have the functions of a central bank entrusted to a private institution, nothing other than which was the Dai Ichi Ginko notwithstanding all the influence and power hitherto exercised by it. Its first interests were in Japan where its head office is, Korea being but a part of its large field. Korea wanted an institution, the whole energy of which would be devoted to the interests of the country. Nor was this all. The monetary organs then existing in Korea, agricultural and industrial banks, local credit associations, not even excepting those purely private banks established by Koreans, were, all in all, under Government protection, receiving more or less some kind of pecuniary help. Nothing less than a specially organized Government bank would do to relieve the Government of this burden by taking it upon itself. This idea of the importance of a central bank was first conceived by the Resident-General Prince Ito himself and was heartily supported by the financiers of the day, not excepting Baron Shibusawa, the President of the Dai Ichi Ginko. Thereupon in July, 1909, the Imperial Government of Japan exchanged a memorandum with the Government of Korea respecting the central bank, and, at the same time, arrangement was concluded between the Government of Korea and the Dai Ichi Ginko with regard to the establishment of the Bank of Korea, the new central bank.

The Government of Korea promulgated the Bank of

Korea Act by Law No. 22 on July 26, 1909, and at the same time entrusted to the Government of Japan all business relating to its establishment. The Government of Japan, to carry out this trust, appointed a committee on August 16, 1909, consisting of Baron Matsuo as President, 32 members, and 2 secretaries. At the committee meeting of the 23rd of August, various regulations, by-laws, and other matters were decided upon. On the 25th the By-laws were published, Government sanction having been obtained for them, and at the same time public subscription to the shares was invited. In spite of the warning previously given to dealers in shares, there was such a rush for subscription that, notwithstanding the subscription list was closed at 1 p.m. on the very first of the seven days it was to be open, the shares were oversubscribed by 292 times. To give a fuller account, 20,352,374 shares were subscribed for as against 69,600 shares for allotment, the rest having already been taken up by the Government and others. Of this number, 1,000 shares each subscribed for by the Japanese and Korean Imperial Households were first allotted in full, and the remaining 67,600 allotted to other subscribers in proportion to the number of shares applied for by them, the fraction still remaining being distributed by lot among applicants for less than 301 shares each.

On October 1, 1909, sanction was obtained for its establishment; on the 14th the first payment of one-quarter on the share capital was finished; on the 29th the first general meeting of shareholders was held in Tokyo and simultaneously appointments were made by the Korean Government for the offices of Governor and Directors; on the 30th the Bank received the transfer of business from the committee for its establishment, and the Bank of Korea came into being. On November 20, all the business belonging to a central bank hitherto conducted by the Dai Ichi Ginko, and, with it, all the branches of the Dai Ichi Ginko in Korea and Manchuria—for it had already one branch in Antung (安東)—as well as the business and personnel of each, with the exception of those in Seoul

(京城) and Fusan (釜山), were transferred to the new bank. The central bank, though quite a new institution, thus started its career with 13 branch offices (12 in Korea and 1 in Antung (安東), Manchuria), a built-up business, and a body of well-trained men experienced in both banking and local affairs. To make the transfer more complete, the General Manager of the Korean branches of the Dai Ichi Ginko, Dr. M. Ichihara, was appointed Governor of the new institution; and of the three Directors, two were taken from the members of the staff of the older institution.

On the 24th of November, 1909, the new institution was opened to business with a paid-up capital of Yen 2,500,000 and with its head office in Seoul (京城). The board of directors then consisted of Dr. M. Ichihara Governor, and Messrs. R. Mizukoshi, T. Mishima, and Y. Kimura, Directors; and Messrs. K. Hamaguchi and C. Ito, Auditors.

The business of the Bank was prescribed in the law as follows:

1. Discounting of bills of exchange and other commercial bills;
2. Collection of bills for companies, banks, and individual merchants, who are its regular customers;
3. Dealing in bills of exchange with or without documents;
4. Making loans on security of a reliable nature;
5. Receiving deposits or making advances in current accounts;
6. Safe custody of gold and silver coins and other precious metals, and of documents of value;
7. Buying and selling of bullion and exchange of coins.

Further, the Bank was allowed to make loans to public bodies without security, to purchase national and local loan bonds and other papers, and to act as agent of other banks, all subject to Government sanction.

It was also required to take charge of the National Treasury money and conduct its business free of charge; to

engage in currency reform, to receive and pay the principal and interest of national debts, and, when so entrusted by the Bank of Japan, to receive and pay the National Treasury money of the Government of Japan.

With regard to the note-issue, the Dai Ichi Ginko notes were, by virtue of the Bank of Korea Act, regarded as having been issued by the Bank of Korea, which in consequence took upon itself the duty of their redemption. On the day of transfer the Dai Ichi Ginko notes in circulation amounted to Yen 11,833,000. A specie reserve amounting to Yen 3,944,000, that is, one-third of the amount of the notes, was taken over, while it was arranged that the remaining part, Yen 7,889,000, not covered by specie, should be made a debt, free of interest, of the old bank to the new, to be repaid in instalments extending over twenty years.

The law relative to the note-issue of the Bank of Korea was framed on the same lines as that of the Bank of Japan. The main provisions are as follows :

1. The Bank shall provide the same amount of reserve in gold coins, gold and silver bullion, and Bank of Japan notes as that of the notes issued, provided that the silver bullion shall not exceed one-quarter of the reserve.
2. Besides issuance on the reserves prescribed above, the Bank may issue bank-notes on the security of National Loan Bonds, and of other bonds and commercial papers of a reliable nature, to an extent not exceeding twenty million yen.
3. In addition to the issue provided in the last two clauses, further issue may be made on the security of National Loan Bonds, and of other bonds and commercial papers of a reliable nature, subject to the sanction of the Governor-General of Chosen, when such issue is necessitated by the condition of the market, provided that, in such case, the Bank shall pay to the Government an issue-tax of at least five per cent. per annum on the amount of such issue in pursuance of the order of the Government.

The Bank was made subject to strict Government supervision, which was only natural considering the onerous duty it had to fill in the financial administration of the country. On the other hand, the Government subscribed for 30,000 of the Bank's shares, and, foreseeing the difficulty the Bank was likely to meet in its initial stage, further engaged itself to subsidize the Bank by the amount necessary to enable the dividend to reach six per cent. for a period of five years from the last day of the inaugurating term.

It will thus be seen that the Bank of Korea was established by a law issued by independent Korea. When, therefore, the country was annexed by Japan in August, 1910, it became necessary to authorize that law to continue in force by an act of the new Government, and this was done by virtue of Ordinance No. 1 issued by the Government-General of Chosen. As this, however, was only a temporary measure, a new Act was published in March, 1911, under the title of the Bank of Chosen Act, to replace the old one, and on its enforcement in the following August the Bank was renamed the Bank of Chosen, Chosen being the old name of Korea and restored to use under the new régime. By the provisions of the New Act the Bank of Chosen was regarded as having been established by that Act on the day the Bank of Korea was established, and any act already performed by the Bank of Korea as having been performed by the Bank of Chosen.

The change in the law governing the Bank made it necessary for the Bank to revise its By-laws. In consequence an extraordinary general meeting of shareholders was held in Tokyo in August, 1911, when a draft for the revised By-laws was presented to, and passed by, it unanimously.

It was thus that the central bank of independent Korea was converted into that of the newly annexed territory of Japan under the new style of the Bank of Chosen.

Many changes have since taken place in the above-mentioned features of the Bank, but all this will be treated of later on.

CHAPTER IV

TRANSFORMATION OF AGRICULTURE

Economic possibility of Chosen; Objectives of agricultural reform; Agricultural model farms and their work; Agricultural school; Seedling stations; Measures taken for reclamation of waste land and for irrigation; Establishment of Oriental Development Company; Private agricultural enterprises; Agricultural credit.

Economic Possibility of Chosen :—The natural resources of Chosen can not be said to be very plentiful, but they are plentiful enough for the establishment of a prosperous economic community if properly developed. The country is destitute of large plains, being prominently mountainous, but there is enough arable land not only to feed the people but also to permit of the export of a good part of its products. Its mountains are fairly rich in minerals, and may be made to support good forests if proper care is taken to afforest them, and its seas with their long coast-lines abound in marine products. It has a native population of more than 16,000,000, healthy, obedient, and capable of being turned into the best sort of working men and women. And with its fine climate and ideal situation, already described, there is little room to doubt the great economic possibility this country has in store. It is needless to say that no economic consideration prompted Japan to take the course she did in the Peninsula, but, since it is now under her charge, she must do everything possible to develop it in order to make the people happy and also to relieve her Treasury of what would otherwise be a permanent burden. With this purpose in view, most attention, first by the financial adviser, then by the Resident-General, and still later by the Governor-General of Chosen, has been and is

being paid to the development of the natural resources of the country, and, thanks to their efforts and to the hearty response made to them by the people, the country has made considerable progress in recent years.

It is the purpose of this and some few of the chapters following to consider the measures taken to effect this progress by both Government and people. As in most other cases, the initiative has almost always been taken by the Government, but, had it not been for the ready compliance and good spirit with which the people received it, the progress such as we see now could never have been achieved.

Objectives of Agricultural Reform:—Chosen is essentially an agricultural country, and though the soil can not be called very fertile, it produces a great variety of agricultural products owing to the climatic and other differences existing in the various localities, especially between the north and the south. Eighty per cent. of the whole population being engaged in agricultural pursuits of one kind or another, the condition of the crops affects not only the people directly engaged in raising them but the rest of the people, for they mostly make their living by dealing and trading in them. Agriculture having so vital a relation with the welfare of the people, nothing can exceed the importance of its improvement and extension. Yet the great majority of Koreans, keeping to the old customs practised by them from time immemorial, paid little or no attention to this point. It was only after the protectorate régime was established that the need for improvement claimed any attention. Since then, and more especially since annexation, measures have been taken by the Government to effect the much-needed reform in the agricultural system of the country.

The Korean method of agriculture may be termed "intensive" by the Americans, in whose country the extensive method is generally followed, but it is considered grossly "extensive" by the Japanese farmers who conduct their farming according to the intensive method carried to the extreme. Now the principal physical conditions of Korea

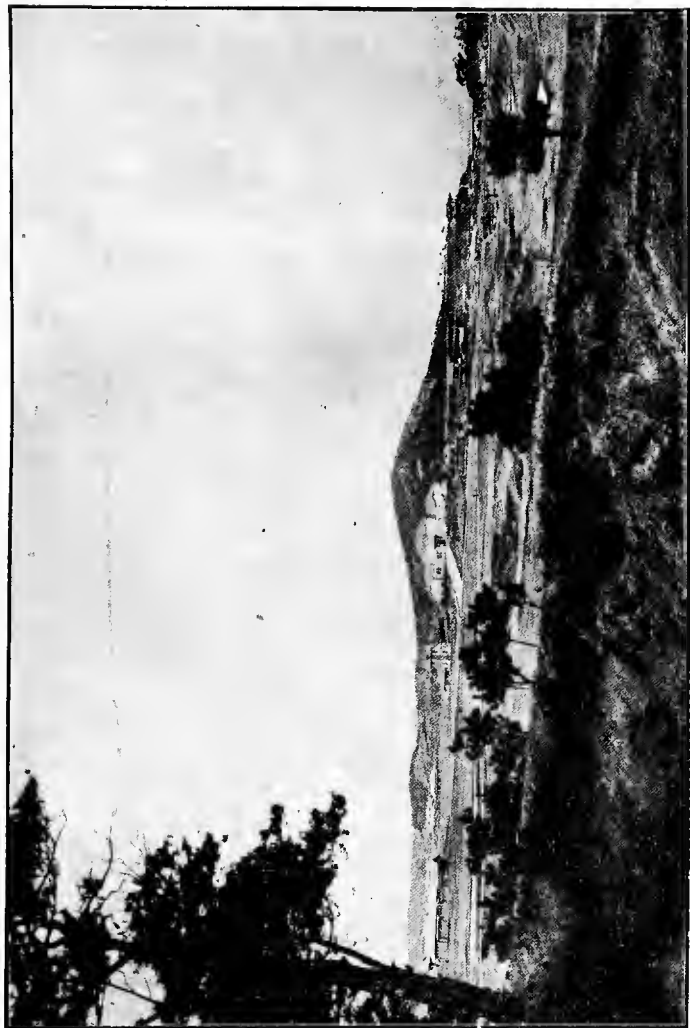
are much the same as those of Japan, both being prominently mountainous, and other circumstances are also identical with those of the latter country. It has already a large population which, though not half so dense as that of Japan, is increasing rapidly with the increasing security to life and property and by the aid of immigrants from Japan. It can easily be seen, therefore, that the intensive method should be followed, and that to get as much as possible from a limited space must be one of the guiding principles of Korean agriculture.

Another feature of Korean agriculture was its self-supply system carried to the extreme. Korean farmers produced nearly everything they needed, for instance, as much cotton was produced in the cold north as in the sunny south, thus wasting a large area which could have been used to much greater advantage by raising wheat. This was quite natural in the days when the means of transportation were so lacking. With the extension of transportation facilities, the reason for this system vanished, but the custom remained. Nor was it an easy task for the farmers or others to find out for themselves what was fittest for their soil. Proper guidance as to what to sow in their lands was naturally another objective of the agricultural reform, and for this, extensive researches, not only into those plants already grown in the country but also into those produced in foreign countries, were necessary.

Content with what their fathers had taught them, the eyes of the Korean people were closed to the progress the outside world was making in agricultural arts. The introduction of new methods of husbandry constituted still another object.

With these objectives in view, the Japanese authorities took in hand the task of the agricultural transformation of the country, and one of the very first measures was the establishment of Model Farms.

Agricultural Model Farms and Their Work :—Of the many Government institutions founded for the purpose of improving agriculture, the Model Farms will surely claim



Agricultural Model Farm at Suwon (水原)

our first consideration on account of the important part played by them in recent agricultural progress, it being understood that by the Model Farms we mean not only the Model Farm at Suwon (水原) and its branches, properly so called, but also other institutions of similar nature. During about a decade and a quarter, at these institutions, mostly situated in the outskirts of country towns, many agricultural experts, both Japanese and Korean, including such an authority as Dr. Honda, have been conducting, quietly yet earnestly, their experiments in agriculture, sericulture, horticulture, and stock-farming, and the results of their experiments and study were made the basis of the Government agricultural policy as far as techniques were concerned, and to them the individual farmers and planters look for guidance in the conduct of their farming. Of these Model Farms, that at Suwon (水原) is by far the most important, and in fact most of the other farms have been made branches of it save for those few which have recently been placed under the management of Provincial Governments.

Situated near Suwon (水原) (about 25 miles from Seoul (京城) and one of the most picturesque of Korean towns with its ruins of old castles and forts) and including in its area the beautiful lake of Sohho (西湖) and a hill named Yoki, Suwon Model Farm enjoys an ideal site for an institution of such a nature. The farm was established in June, 1906, by the Residency-General, and has been under the charge of Dr. Honda ever since its foundation. The 213 acres of land originally appropriated to its use was later extended to 365 acres, the above-mentioned lake and hill being then added to the farm. The farm has been engaged from the beginning in all lines of agricultural experiments and investigations, including much analytical and laboratory work, and has rendered eminent services in all those lines, a few instances of which are given hereunder.

(a) Rice Cultivation: After experiments extending over many years, during which many kinds of Japanese and Korean seeds were compared, the Japanese species were found more productive than the Korean, and of the Japanese

species one named *shinriki* proved specially adapted to the climatic and soil conditions of South Chosŏn, its yield being larger than that of the native species by about 30 per cent., while for the northern part of the country the one named *hinode* proved the best. Simple as it may seem, the benefit of such a discovery can never be over-rated in a country where rice constitutes the main food of the people and also the largest item in its exports.

(b) Sericulture: In spite of the fact that Japan originally learned sericulture from Korea and has become the greatest silk-producing country in the world, the tutoress herself made hardly any progress in that industry. Experiments, however, proved that the climatic and soil conditions of the Peninsula were very favourable for the rearing of silkworms and the cultivation of the mulberry trees on which they feed. As in the case of rice, careful comparison was made of the different species of silkworms and mulberry trees. The result showed that, of the silkworms, the species called *koishimaru*, *aobiki*, and *matamukashi* were the best for spring breeding, *shinya* for summer breeding, and *aobiki chusu* for autumn breeding. As for the mulberry trees, the species called *ichibei* and *takowase* were recommended. The great development made in the industry, which we shall deal with later on, was initiated by this farm and its branches, one of which was exclusively devoted to that purpose.

(c) Horticulture: The dryness of the Korean atmosphere was especially tempting to Japanese experts in this line of agriculture, for in their own country many fruit trees fail on account of its excessive humidity. Consequently attempts in horticulture were early made by them, and were crowned with great success in many cases. To this pursuit Tuksum (蘆島) Horticultural Station, about 5 miles from Seoul (京城), originally independent but later made a branch of the farm, was exclusively devoted, though most of the other farms carried on experiments more or less in the same line. Of vegetables, the egg-plant, pumpkin, sugar-beet, onion, celery, garden-

radish, turnip, carrot, etc., were cultivated successfully. Of fruit trees, the pear, peach, and apple were found to flourish. Of grape-vines, the American species "Washington" was found especially well adapted to the country, most European species showing themselves unable to stand the severe cold in winter. On the whole so good were results obtained by those interested that many orchards made their appearance in different parts of the country, and fruit has now become an item of export.

(d) Cotton Cultivation: With regard to cotton cultivation, the farm has rendered great service in supplanting the native species by American upland, and this indeed has revolutionized cotton plantations in the country. But for this, Korean cotton would never have attained the importance it now enjoys among the export articles of the country.

With regard to stock-farming, branch stations were established in places adapted for pasturage, and experiments in the breeding of cattle, pigs, sheep, and poultry were conducted with beneficial result.

Fuller details of their work will be given later on when we come to treat of the agricultural products of the country.

For the maintenance of the model farms the Government has defrayed since annexation as follows:

1911	1912	1913	1914	1915
Yen	Yen	Yen	Yen	Yen
224,044	201,071	212,629	196,729	195,400
1916*	1917*	1918*	1919*	
Yen	Yen	Yen	Yen	
211,304	216,440	224,727	316,247	

* Budget estimate.

Agricultural School:—Prior to the new régime the Korean Government maintained an Agricultural, Commercial and Industrial School in Seoul (京城) under the control of the Educational Department. The school existed merely in name and in reality did nothing. When the Model Farm was established in Suwon (水原) the Government abolished the school, and, in September, 1906, established a new

Agricultural and Forestry School attached to the Farm. For the purpose of school buildings and experimental gardens, 30 acres of land were appropriated to it, and the school was provided with physical and chemical laboratories, and comfortable dormitories heated in the Korean manner, without which the attendance of Korean students could not be hoped for. The regular course of study was fixed at two years and the curriculum consisted of the outlines of agriculture, agrarian-politics, sericulture, veterinary medicine, etc., besides physics, chemistry, botany, and natural science.

In addition, a special one-year course was provided for students of forestry. In view of the importance of improving the live-stock of the country, a special veterinary course was established in March, 1908, by amending the school regulations.

Being only a small institution much could not be expected from it, but it rendered good service in that most of the graduates from the school are actually engaged in one capacity or another in the propagation of advanced knowledge of agriculture.

Seedling Stations :—To help forward the agricultural advancement of the country in co-operation with the Model Farms, Seedling Stations were established in various parts of the country. The stations were provided with plots of land, and, while conducting agricultural experiments on a smaller scale and local in nature, were principally engaged in distributing seeds and seedlings raised at the stations. In addition to this, they were called upon to give farmers such practical instruction as related to the handling of improved implements, planting of new species of crops, utilization of waste land, matting and other similar works, and generally to lead those farmers in the path of progress. Less scientific, yet perhaps more practical, the service rendered by these stations may well be mentioned side by side with that by the Model Farms.

With a view to supplementing further the work of the various institutions above named, and to make the improvement more general and far-reaching, experts were despatched

on lecture tours from place to place to give instruction in agriculture to those to whom the above institutions were not accessible. In addition to these measures competitive exhibitions were often held in local centres to stimulate agricultural improvement.

Measures Taken for Reclamation of Waste Land and for Irrigation:—The peninsula of Chosen has not much arable land to spare, every inch of it must be cultivated if the country desires to prosper as an agricultural country, and that by the intensive method as put forth at the very beginning of this chapter. Nevertheless, it was estimated by the authorities that, in 1910, there were State lands amounting to 2,903,961 acres lying waste, or nearly 60 per cent. of the total arable area. A law was promulgated therefore as early as 1907 by virtue of which such State lands were leased for varying periods to those desiring to reclaim them, and providing that they were to be given gratis, or sold at a nominal price, to their successful cultivators after the expiration of the lease. As the result, from the year of the enforcement of the above law up to the end of December, 1918, 106,746 acres of land had been successfully reclaimed, 64,929 acres being converted into paddy-fields and the rest into upland.

Another important measure taken by the authorities was that relating to irrigation, the lack in which constituted one of the chief causes of so many lands lying waste, and of the frequent famines ravaging the country. Korea in her better days had many barrages in her rivers and also irrigation reservoirs, which however had been neglected so long that most of them had been washed away or become deserted swamps—some of the reservoirs were, it is even said, purposely filled in by local magistrates to increase their own land. The authorities decided to make use of these, first of all, to meet urgent needs. In July, 1908, therefore, an instruction was issued to all district magistrates to investigate the existence of such barrages and reservoirs, and in response about 4,000 were reported, which number was increased to 3,735 reservoirs and 9,386 barrages at the end of 1912.

In order to repair these, and further to labour for the perfecting of the irrigation systems of the country, the Government encouraged those interested in this useful work to form themselves into associations by granting to such associations subsidies, and by authorizing them to levy from their members money, labour, and other contributions necessary for the prosecution of their work, while in some districts, where the necessity was especially urgent, the Government took the matter in its own hands. These associations were organized in various places, and some did quite an extensive work, converting many thousands of acres of hitherto waste land into rich paddy-fields.

Establishment of the Oriental Development Company:—So far we have dealt with Government institutions pure and simple. It was thought however that precept and example only, such as shown by the model farms and seedling stations, would not suffice to effect real reform in Korean agriculture and to change the impoverished country into one such as the Japanese authorities and the enlightened element of the Korean people aspired to make it. A large, well-organized company, with adequate capital and a staff of experienced experts, public-spirited yet formed by the people, was necessary. This idea was realized in the establishment of the Oriental Development Company. The bill relating to its establishment passed the Imperial Diet in March, 1908, and the Company came into existence in December of the same year.

The Company was formed as a joint-stock enterprise, composed exclusively of Japanese and Koreans, with a capital of Yen 10,000,000. It was authorized to issue debentures to the extent of ten times the paid-up capital, and the reimbursement of such debentures to the extent of Yen 20,000,000 together with the interest thereon was guaranteed by the Japanese Government. The business of the Company was prescribed as follows :

- (1) Agriculture ;
- (2) Sale, purchase, renting and leasing of lands necessary for exploitation ;
- (3) Management and control of lands necessary for exploitation ;

(4) Construction, sale, purchase, and renting of buildings necessary for exploitation; (5) Collection and distribution of Japanese and Korean settlers necessary for exploitation; (6) Supplying to settlers and Korean farmers articles necessary for exploitation, and the distribution of articles produced or acquired by them; (7) Furnishing funds necessary for exploitation.

Further, the Company was authorized upon the approval of the Government to engage in fishing or other undertakings deemed necessary for exploitation as accessory to its main business. Financial business as described below was also undertaken by the Company:

(1) Lending of necessary funds to Japanese and Korean settlers to be reimbursed in not more than 25 yearly instalments; (2) Making loans to settlers and farmers in Chosen against immovable property to be redeemed in not more than 15 yearly instalments; (3) Making loans to settlers and farmers in Chosen against immovable property to be redeemed at specified periods within 5 years; (4) Making loans to settlers and farmers in Chosen on the security of their produce or articles acquired by them; (5) Making loans against immovable property for a period not exceeding 3 years.

The Japanese Government also took care to grant the Company a subsidy of Yen 300,000 annually for eight years from 1908, on the condition however that, should the rate of dividend exceed eight per cent. per annum on the paid-up capital, an amount corresponding to the excess should be deducted from the subsidy.

The progress of the Company will be mentioned later on; it suffices for the present to say that the Company has co-operated with the Government in the transformation of Korean agriculture in many ways. In the improvement and extension of irrigation systems, reclamation of waste land, horticulture, and afforestation, and in the colonization of the country by a large number of skilled farmers and labourers, it has done a really good service, though at times it has been subjected to severe criticism.

Private Agricultural Enterprises:—Having glanced over Government and semi-government institutions we now come to consider the individual enterprises, without which no true economic development, agricultural or otherwise, can ever be attained.

Japanese capitalists started the purchase of land for agricultural purposes in South Chosŏn as early as the days of the Japanese protectorate. But, owing to the unrest then prevailing on account of the activity of insurgents, many, especially those in South Cholla Province (全羅南道), could not venture into the interior to undertake actual work. On the establishment of general peace, and especially after the annexation, Japanese plantations sprang up here and there in the country, and as these were conducted according to advanced methods, more advanced indeed than those in vogue in Japan, their influence and example did much in the way of bringing Korean farmers into a higher stage of agricultural life.

Of these planters, those in North Cholla Province (全羅北道) were most successful, the largest plantations being those conducted by Marquis Hosokawa, the Mitsubishi Company, Ohashi Plantation, Ishikawaken Plantation Company, Kawasaki Plantation, and Fujimoto Plantation.

Agricultural Credit:—All talk on agricultural reform would be of little practical value if means were not provided to enable the agriculturalists to purchase seeds, manures, implements, and other necessities to carry out such reforms. Rural credit was therefore one of the subjects which agitated the brains of the reformers from the beginning, and the result was the establishment of the Provincial Warehouses, Agricultural and Industrial Banks, and Local Credit Associations, all of which were described in the previous chapter. Much has been said against the working of the Agricultural and Industrial Banks, which, taking advantage of the provisions of the law, were addicted to the commercial side of the business, neglecting the primary object for which they were established. The accusation was true to some extent, though the excuse put forward by the banks

that such was necessary for their existence must be admitted to the same extent. On the whole, however, it would be unfair to deny them the first place in the Peninsula as suppliers of agricultural funds. The Local Credit Associations, on the other hand, generally rendered excellent services in their own small way. Their useful services were unquestionable and the fact that their number had been increased to 260 by the end of 1917 tells of the success they achieved. The establishment of the Bank of Chosen brought in many ways a very beneficial result in the generalization of rural credit. With its own welfare so closely allied with that of the people, 80 per cent. of which were agriculturalists, this subject of agricultural credit was one in which it was most interested. It did in fact all that was possible under its law. The fact that one of its first publications was the exposition of the French system of "*Les prêts sur récoltes pendants*" and of the French colonial banks, the chief feature of which was the supply of agricultural credit, may be taken as a proof of the deep interest it took in this matter.

CHAPTER V

NEW ADMINISTRATION FOR MINING, FORESTRY, AND FISHERY

MINING:—Foreign activity in Korean mining field; New Mining Laws; Government mining undertakings; Japanese entry into the field.

FORESTRY:—Barrenness of Korean mountains and its evil effects; Afforestation measures; Forestry Laws; Exploitation of the great Yalu Forest (鴨綠江森林).

FISHERY:—Marine wealth of the Peninsula; Fishery Laws; Measures adopted for encouragement of the industry.

MINING

Foreign Activity in Korean Mining Field:—Nature has stored in the Peninsula of Chosen a good many kinds of precious and useful minerals in goodly quantity, but they long remained untouched for the most part, and when work on them was started it was mostly by foreign hands. Before that time there was no mining to speak of. Foreign activity in the peninsular mining field dates back to the year 1896 when a concession was granted to Mr. James R. Morse, an American, in Unsan District (雲山郡), North Pyung-an Province (平安北道), for mining purposes. The grant thus secured induced people of his own and other nationalities to make similar applications, and the result was that two concessions were made to Russians in North Hamkyung Province (咸鏡北道), one to Germans in Kangwon Province (江原道), and one to Englishmen in South Pyung-an Province (平安南道), all of which, however, were later abandoned by the concessionaires, and the mines actually in the hands of foreign concessionaires at the beginning of the



Unsan (雲山) Gold Mine

new régime were, besides the above-mentioned Unsan Mine (雲山金礦), Suan Mine (遂安金礦) in Whanghai Province (黃海道) conceded to Englishmen, Chiksan Mine (稷山金礦), in South Choongchung Province (忠清南道) to Japanese, and Changsung Mine (昌城金礦) in North Pyung-an Province (平安北道) to Frenchmen, of which that at Unsan (雲山) alone was being operated, the others not being ready to start actual mining work. Unsan Mine (雲山金礦) was operated by an American syndicate, called the Oriental Consolidated Mining Company, incorporated under the laws of West Virginia, U. S. A., with a capital of \$5,000,000, and paid annually Yen 25,000 to the Korean Government as royalty. Its prosperity may be gathered from the fact that, up to June 31, 1908, the total output from the mine amounted to \$10,701,157, and, that for the single business year ending February 1, 1909, reached \$1,716,104 in value. The above-mentioned mines were all gold, and, in fact, foreign activity in the Korean mining field was practically confined to gold then as it is now. But other minerals were not entirely untouched. The rich coal beds in the neighbourhood of Pyengyang (平壤) were leased to a French firm, Messrs. *Rondon, Plaisant et Cie.*, by the Imperial Household, and another company (a Korean and American partnership) was working coal at different places, all paying the Imperial Household 25 per cent. of the profits as royalty. The Imperial Household is even said to have furnished Yen 300,000 to each company as part of its capital. Nor were the Japanese excluded from the field. The iron mines of Chai-ryung (載寧) and Eun-yul (殷栗), near Chinnampo (鎮南浦), were worked by three Japanese as agents for the Imperial Household. Such competition for mining privileges by foreigners lasted for many years, and, though not unaccompanied by some evils, proved after all a stimulus to the industry.

But the mining administration in Korea was extremely ill-managed, deeply corrupted by bribery, favouritism, and the oft-mentioned overlapping of the functions of the Imperial

Court and the Government. While mines were under the control of the Minister of Agriculture, Commerce and Industry, concessions were often granted secretly to Koreans or foreigners by the Emperor without consulting the Cabinet. In some cases a concession granted at one time was revoked at another without good reason or compensation, and wantonly bestowed upon another. Not infrequently the same concession was granted to different parties, causing dispute and litigation. Then the mining-tax was collected not only by different Departments of the State but also by the Imperial Household itself, and often twice over, while the local authorities also imposed an arbitrary tariff. Under such circumstances no healthy progress of the mining industry could be hoped for.

New Mining Laws.—On the establishment of the Japanese protectorate in 1905, steps were taken to correct the unsystematic manner in which the mining administration was conducted, and laws concerning mining proper and placer mining were enacted and put into force on September 15, 1906. By these laws it was provided that, (1) all State mines were to be brought under the control of the Minister of Agriculture, Commerce and Industry, to whom application for concession was to be made in accordance with the provisions of the laws, (2) all mines, the ownership of which could not be definitely established, were made State property, (3) mining districts were to be of fixed extent, and mining was prohibited in certain localities, (4) in case of necessity private lands were made liable to expropriation, (5) full protection was extended to mining concessions, and cancellation of such concessions could be made only in accordance with the provisions of the laws, (6) concession rights were made the object of transfer by sale, gift, or succession, or of mortgage, (7) taxes were to be levied on mining products and districts, and fees charged for concession, (8) in case of several applications for the same concession the grant was to be made according to the priority of application, (9) boundaries of mines belonging to the Imperial Household were to be

redefined and publicly announced, and (10) any matter relating to foreigners in executing these laws and regulations was to be referred to the Resident-General for his consent.

Enacted to meet urgent needs the laws left much to be desired, and an amendment was made as early as August, 1907. This was, however, only the beginning of a series of amendments subsequently made. In fact, the history of the mining regulation covers the whole period between then and December, 1915, when the last mining law was promulgated.

Prince Ito, the first Resident-General, seems to have been well-disposed towards foreign investment in mines in the country. To some Koreans who regarded, not without reason, foreign mining enterprises as the spoliation of the wealth of the country, he explained that these undertakings were doing good to Korea as they gave work to many Koreans, and the gold taken by them was sold in Japan and minted there ultimately to return to Korea in the form of coin. More substantial aid was given by exempting from duty all machinery, implements, and other necessities for mining purposes, and by remitting the export duty on copper and concentrates of gold, silver, and copper (gold and silver bullion or coin being already free of duty). The forestry law was also revised with a view to affording facilities to the industry. In consequence, at the end of the protectorate régime, the list of concessions made to foreigners showed American concession-holders to be 4 corporations and 4 individuals; English, 2 corporations and 1 individual; French, 2 individuals; Russian, 1 individual; Italian, 1 individual; and, in addition, there were several held by Japanese and Americans jointly, or by Koreans and Americans. The aggregate area of the mining districts thus conceded reached 269,566 acres, these being chiefly gold mines, followed by gold and silver mines, graphite, copper, and coal in order.

But the annexation changed the situation in this matter as well as in many others, and, with a view to securing uniformity of laws throughout the Empire, a mining law was enacted in December, 1915, and put into force on the

1st of April, 1916, to replace the old law enacted in 1906. The main points of change were (1) the prohibition of foreigners from acquiring new mining permits in Chosen, except in the case of a corporation organized by foreigners as a Japanese legal being, (2) the addition of 12 important minerals, such as tungsten, molybdenum, chromium, etc., to the list of mining products subjected to the Mining Law, (3) the recognition of a right *in rem* in the mining right to which the regulations concerning immovable properties are applied, and (4) the application of the law of expropriation of land to expropriation and use of those lands necessary for mining operations. But the mining concessions granted to foreigners by the former Korean Government, and the mining rights acquired by foreigners according to the old mining regulations were strictly respected, though those applications for mining permits filed with the authorities by foreigners according to the old regulations and not granted at the time of the enforcement of the new regulations were all rejected.

Government Mining Undertakings:—Along the Taidong River (大同江) in the neighbourhood of Pyengyang (平壤) are rich veins of anthracite coal, the extent of which is about 32 miles in length and $7\frac{1}{2}$ miles in width. Here the Government established, as early as 1907, its own coal-mining station which was placed under the supervision and control of the Minister of Agriculture, Commerce and Industry, and the budget for 1908 contained an item of Yen 300,000, for current expenses and new equipment for this institution. The following year, in order to facilitate the transportation of the coal from the mine, a railway for a distance of about 7 miles was built, and for this and other expenses Yen 150,000 was appropriated by the Government. Again, in 1911 a further extension of the work was made at a cost of Yen 760,000. The products of the mine are mostly supplied to the Tokuyama Coal Briquet Factory of the Japanese Navy.

The iron mines of Chai-ryung (載寧) and Eun-yul (殷栗) in Whanghai Province (黃海道) were also placed

under Government control in December, 1907. But, in this case, the Government did not work the mines but appointed agents to conduct the mining operations. From the very beginning the products of these mines were wholly supplied to the Edamitsu Iron Foundry of the Japanese Government, so it was found expedient to transfer their management to the Japanese Foundry altogether. They are now the chief suppliers of iron ores to the above-mentioned Government foundry.

Japanese Entry into the Field:—Japanese activity in the Korean mining field, apart from the Government undertakings above mentioned, may be said to date from about 1911 when some Japanese mining magnates, who had hitherto held back from any activity in the Peninsula on account of its unsettled state, at last entered the arena. The famous Mitsubishi Firm purchased in July, 1911, iron districts covering 1,637 acres in Kyumipo (兼二浦), Whanghai Province (黃海道), and drew up a scheme to establish a large pig-iron foundry there. Another great firm, the Mitsui, obtained in April, 1912, an iron mining permit extending over 1,601 acres in Kaichun District (价川郡), South Pyung-an Province (平安南道), and commenced work the following year. The well-known copper magnate, Mr. Furukawa, obtained in April, 1912, a concession to mine gold over an area covering 10,014 acres in Koosung District (龜城郡) North Pyung-an Province (平安北道), and began experimental working the same year. About the same time the Meiji Mining Company obtained an important coal-bearing concession extending over 776 acres in Anju District (安州郡), South Pyung-an Province (平安南道), while the Fujita Firm of Osaka obtained that of a zinc mine covering 36 acres in Yung-byun District (寧邊郡), North Pyung-an Province (平安北道), and started operating it immediately.

Thus it will be seen that the gold fields, so far known, being already occupied by men of other nationalities, Japanese activity was mostly exerted in other directions, principally coal and iron. These Japanese enterprises may well

be said to have revolutionized the industry in question, for they are being conducted on an exceedingly large scale. The Mitsui Mining Company above referred to built a light railway from their mines to Shin-anju Station (新安州驛), a distance of about 20 miles, for the transportation of iron ores. An account of the development of these and of the other mining institutions established in more recent times, together with the mining boom consequent upon the Great War, will be given later on.

FORESTRY

Barrenness of Korean Mountains and Its Evil Effects:—

Nothing impresses on the traveller's mind the feeling of the desolateness of the country so deeply as the sight of the Korean mountains. Rocky, precipitous, and even magnificent in form, they are generally treeless, in most cases bare even of grass. Such mountains and hills, all more or less similar in nature, cover more than half the total area of the Peninsula. There is a richness of scenic beauty in them but, economically speaking, nothing good comes out of them except the minerals which they contain in fair abundance, as already described.

That the sylvan wealth of the Peninsula was once fairly large is evidenced by many signs. There are yet remnants of old forests which bespeak of their past glory, and the splendid timber used in the old palaces was obtained in the near vicinity of the capital. That trees grow well in the land has already been observed, and though great difficulty may be encountered in reafforesting those mountains; the very bones of which are exposed through the forest fires and the indiscriminate felling of the trees for many centuries past, experiments have shown that the feat is quite possible. Once these mountains are afforested, the country will present quite a different aspect, for the ills induced by their barrenness are not confined to themselves; frequent floods, droughts, and landslides, and the consequent damage to life and property, harbours, and irrigation systems, are caused

by it. Their afforestation will therefore not only remove the root of all these evils, but, on the other hand, will result in the creation of a new source of wealth, not only in the form of timber but in many other forms such as hydro-electricity, the use of which is greatly restricted through irregularity in the water volume of the Korean rivers.

Afforestation Measures :—The necessity of revivifying Korean forests was especially keenly felt by the tree-loving Japanese as they came over to this country. "Give life to the mountains first, and this nation will be given life," said one of them. "There is no country in the world where forests are neglected and yet the nation prospers," said another. So, along with other early reforms set on foot, measures were taken for this purpose. The first step taken by the Government in this direction was the creation of miniature forests, called model forests, on the mountains near Seoul (京城), Pyengyang (平壤), and Taiku (大邱), the total area of which amounted to 81,654 acres in 1906. In the "forests" thus created, were planted young trees of pine, oak, larch, chestnut, and cryptomeria, all imported from Japan, to the number of 17,880,000 at a cost of Yen 293,000. The next step was the establishment of three nursery gardens near the above-mentioned model forests of Pyengyang (平壤) and Taiku (大邱) and at Suwon (水原) in 1907. This step was taken, not only because the bringing over from Japan of those young trees was very expensive, but also because of their rather feeble power of adaptability to Korean climatic and soil conditions. A further step taken was the establishment, in 1908, of Government institutions named afforesting stations which were charged with the afforestation of State land, distribution of young trees, and investigation connected with forestry in general. These stations were first established in Seoul (京城), Pyengyang (平壤), Suwon (水原), and Taiku (大邱).

All these institutions and model forests were increased in number and their scope of work enlarged as the years went by. Especially was the number of nursery gardens, or seedling stations as they are called in the Government

report, increased so that it reached 310 in 1913, so great did the demand for seedlings and young plants become as the interest of the people in afforestation was aroused. The seedlings raised at these stations were principally red and black pine, oak, chestnut, poplar and acacia, all of which grow well in the country, and these were at first distributed gratis among the people interested in afforestation. Besides, every possible opportunity was taken by the Government to arouse the interest of the people in afforestation, and to cultivate in them a liking for trees. Schools were provided with lands on which to plant trees, and the 3rd of April was fixed upon as Arbor Day, on which day universal plantation was to be carried out.

Thanks to these measures thus cursorily touched upon, the Korean mountains, especially those around large cities, have begun to present a refreshing greenness, though their full fruits will only be enjoyed by our posterity.

Especially onerous is the duty of the Government with regard to afforestation in this country since more than 80 per cent. of the total area of forest lands is State owned, for so little was the value of such lands that people scarcely cared to own them. How to dispose of them to the best advantage to the State was a great problem confronting the authorities concerned, and this found solution, more or less effective, in the laws and regulations hereunder given.

Forestry Laws :—In the Japanese reform works in Korea the law almost invariably follows the practice. In this case also, the forestry law was first enacted in 1908, while practice began as early as 1906 with the establishment of the model forests. The spirit of the first law seems to have been directed toward the disposal of the State forests, which, as we have said, occupied more than 80 per cent. of the whole forest lands of the country, as well as to the protection of existing forests. As to the former, the provisions aimed at the establishment of the *bubunrin* system which had been very successfully conducted in North Japan. This system is based upon the profit-sharing principle between the State which owns the land and the people who afforest it.



A model forest near Seoul (京城) as it appeared on its
formation ten years ago



The above forest as it now appears



The Government Saw Mill at New Wiju (新義州)



Timber rafts on the Yalu River (鴨綠江)

As to the latter, those forests necessary for the prevention of landslides, sand blasts, floods, avalanches, etc., also for feeding water sources, for fish culture, and for public health, were listed as "Reserve Forests," and, as such, free felling of trees in them was prohibited or restricted, with the provision however that the owners might claim damages resulting from such prohibition or restriction.

The second law was promulgated in July, 1911, and put into force in October of the same year to replace the first one. The chief features of the new law seem to be in its greater adaptability to the country's conditions as compared with the old one. While, with regard to "Reserve Forests," the new law contains provisions the same in effect as those of the old one, provisions relative to the "Profit Sharing System" do not appear, showing apparently that it was found impracticable in Chosen. In their stead, the new law provides that the State forests, not reserved, may be leased out for the purpose of afforestation, ultimately to be permanently transferred to those who have successfully afforested them. For their preservation, it provides that the responsibility of guarding State forests may be assigned to the people residing on their borders in consideration of the right to gather branches and other fruits of the forest by way of remuneration. Thus by the new law, while the old usage of "common entrance" into the State forests is officially recognized, their protection is charged to those very people who enjoy their fruits. The legislation is certainly the result of some years' experience and investigation and has already been fruitful of many beneficial results.

Exploitation of the Great Yalu Forest (鴨綠江森林):—Throughout the whole length and breadth of the Peninsula only three forest areas have been spared from the ravages of wholesale deforestation, viz., one along the upper reaches of the Yalu and Tumen Rivers (鴨綠江及圖們江), another on the Chiri Range (智異山), and the third in the island of Quelpart (濟州島). Of these, the first mentioned, which we shall call Yalu Forest (鴨綠江森林) for brevity's sake, is by far the most important. In remarkable contrast

with most other forests in the land this great forest remained practically virgin up to recent times. Its exploitation was first attempted by Russians, and then by the Japanese army, but both these were of a temporary nature only.

The first systematic exploitation of the forest began in October, 1906, when an agreement was entered into between the Korean Government and the Residency-General with regard to its exploitation. By virtue of this agreement, a joint institution of the Japanese and Korean Governments with a capital of Yen 1,200,000 each party contributing half, was formed. The institution commenced its work in May, 1907, with a paid-up capital of Yen 600,000. This is the origin of the Yeirinsho or Forestry Undertaking Station, which, together with the institution of a similar nature on the Chinese side of the Yalu (鴨綠江), a joint enterprise of the Japanese and Chinese Governments, constitutes the greatest suppliers of building materials in this part of the world.

The station is provided with nursery gardens of its own, so that as the trees are felled new ones may be planted in their stead. The timber felled is mostly rafted down to the station, a distance of some 400 miles, taking generally as long as 40 days. This is sawn and sold at the station, the profit going to the Treasury. The annual sale of timber ranges from Yen 1,000,000 to Yen 1,500,000.

FISHERY

Marine Wealth of the Peninsula :—Surrounded on three sides by water, with a coast-line measuring more than 6,000 nautical miles, Chosŏn is naturally favourably situated for the establishment of a prosperous fishing industry. Especially are the seas which wash her shores rich in many varieties of fish, owing to the presence of innumerable islands and indentations of the coast, as well as to the meeting there of the warm current from the south with the cold current from the north. The species already known number nearly

200. But all these advantages were wasted on the native fishermen who knew but little of modern advanced methods of fishing. In days when Japan, with 18,000 miles of coast-line, obtained Yen 100,000,000 out of its fishery products, Korea, with its 6,000 miles, obtained only 6 to 7 million yen.

The opinion expressed by a fishery expert at the beginning of the protectorate régime was that the amount could easily be raised to Yen 20,000,000 by improving the fishery administration and the primitive method then pursued by the natives, and this prediction is now nearly fulfilled.

Fishery Laws :—The first law for fishery was enacted in November, 1908, and came into force in April, 1909. By provisions of this law, (1) fishery was divided into 3 classes, (a) that requiring Government concession, to which belongs the fishery, including collection of shellfish and seaweeds, to be conducted within specified limits, (b) that requiring Government permission, to which belong those kinds of fishing in which seines are made use of, and wind-power, steam-power, and diving apparatus utilized, and also those of special kinds, (c) that requiring Government licence, to which belong all other kinds of fishery; (2) the fishery right obtained by concession was made the object of inheritance, transfer, joint ownership, mortgage, and loan; (3) all the disputes among fishermen with regard to boundaries of fishing zones, fishing methods, or limit of fishing rights were to be determined by the Minister of Agriculture, Commerce and Industry on application of the parties interested.

Simultaneously with this law, one relative to the taxation of fishery was promulgated to remove the irregularities to which it was subject up to this time. In April, 1912, a new law was promulgated to replace the old one. The chief features of the new law may be summarized as follows: That

(1) fishery rights to the exclusive use of certain water surfaces should not be granted unless such is necessary for the economy and maintenance of fishing villages;

(2) protecting zones were created relative to fishery

concessions, and within such zones certain acts prejudicial to fishery were restricted or prohibited ;

(3) fishermen living within specified districts were enabled to organize themselves into a body-corporate and as such to make certain arrangements, and such a body-corporate was enabled, though not to engage in fishery by itself, to acquire or borrow fishery rights, within the limits of which each member was allowed to engage in fishery on his own account, etc.

The law was accompanied by the regulations for the control of fishery, the chief points of which are :

- (1) prohibition of certain kinds of fishing nets ;
- (2) prohibition of poison and also of explosives save for the hunting of sea-animals ;
- (3) prohibition of trawling within certain districts ; and
- (4) restriction on the season and place of whaling and prohibition of killing cows accompanied by their calves or the calves themselves.

Measures Adopted for Encouragement of the Industry :—Various means were resorted to for the encouragement of fishery. In order to improve the primitive method by which the native fishermen carried on their trade, boats, nets, and other fishing gear of advanced type were furnished to them through the instrumentality of the Marine Products Association, to which a subsidy was granted for that special purpose. The association was organized some years before and had already 9 branches and 12 detached offices in various parts of the Peninsula and 9 inspecting boats, and was consequently in a position to co-operate with the Government in such matters. Specialists attached to the association were often despatched to native fishery quarters in order to give personal instruction and advice. Measures were also taken to suppress the Chinese poachers who appeared in Korean waters in hundreds along the coasts of South Pyung-an Province (平安南道) and Whanghai Province (黃海道), and also to restrict the activity of the Japanese trawlers who ravaged Korean waters off South Chosen with their indiscriminate trawling. The use of



Fishing port in Kurjeh Island (巨濟島)



Myungtai (明太 Pollack) drying

explosives and poisons for fishing purposes was strictly prohibited, as well as the indiscriminate felling of trees which formed shelters for the finny tribes, while steps were taken to create such forests in necessary places. Especially were shelter basins for lobsters, which are abundantly caught along the western coast of the Peninsula, created in the mouths of many rivers, while salmon culture was also undertaken by constructing hatcheries in South Hamkyung Province (咸鏡南道). These and many other measures not described here were tried and were generally fruitful of good results. Nothing, however, has contributed more to the increase of the fishery production of the country, or to the general awakening of the native fishermen, than the increased immigration of skilled Japanese fishermen, whose earnings per head reached about 4 times as much as those of a native fisherman. By them the native fishermen were taught to engage in deep-sea fishing, whereas up to the time of their coming the activity of the native fishermen had mostly been confined to inland waters and sea-boards, and this new venture naturally resulted in their increased efficiency and well-being.

CHAPTER VI

RISE OF COMMERCE AND MANUFACTURE

General consideration; Growth of treaty ports; Reconstruction of overland transportation facilities; Rise of manufacture; Regulation of markets and innovation of native handicraft; Opening of a new era for foreign trade; Harbour improvement; Extension of marine transportation; Introduction of Korean products to outside markets; Commercial and industrial credit.

General Consideration:—During the whole of her existence Korea has been an agricultural country, and she is none otherwise even now. But there is a great difference between the meaning of the term as it was formerly applied and as it is applied now. Mr. Griffis writes in his "Corea, The Hermit Nation," "The typical Korean tills the soil, in which occupation, after ages of unprogressive routine, he has come to his present mental status. There is not even a distinct manufacturing class in Korea, for nearly all industry is still in the cottage. The few articles needed by the labourer for the floor, the wall, and the kitchen are made by the farmer during his winter hours, and his women-folk weave and make up the clothing. The average carpenter, blacksmith, and stone mason is simply a labourer on the land with added skill in a special line. Even the fisherman cultivates the soil. The village schoolmaster is a son of the farmer of the better class. There are groups of population office-holders and their retainers and hangers-on, shopkeepers and traders, butchers, porters, miners, junk-sailors, and innkeepers, sorcerers, gamblers, and fortune-tellers, but, all told, the number of men who do not live on the soil form but a decimal fraction in the national household."

In such a sense Korea was an agricultural country

many years ago, it being always understood that somewhat different conditions prevailed in treaty ports, the capital and one or two other places. Great changes have taken place since, and while the country still remains essentially agricultural, it has come to possess in a fair proportion other factors of an advanced society, including commerce and manufacture.

These salutary changes in the economic state of the country were brought about by many causes, including the administrative reform which secured to the people a safety of life and property never known before, the financial reforms which gave the country a good currency and a good banking system, and the agricultural, mining, and other improvements which multiplied products. These have been treated of. Among others not yet dealt with may be mentioned the standardising of weights and measures, which were nearly as deranged as the currency. These were made the same as those of Japan, to accomplish which no small difficulty was met with and successfully overcome. There is still another agent to which the rise of commerce and manufacture was indebted, if not more largely at least more directly than to any of the others already mentioned, that is, the extension and improvement of the transportation facilities. Before taking up this subject, however, it may be well to give an account of the growth of the treaty ports, for it was in these ports that what little commercial life the country had manifested itself prior to the recent great change, and it was by the establishment of the new system of transportation that their activity was carried through the rest of the country to infuse life into its whole being.

Growth of Treaty Ports :—In the good old days Japan had many colonies in Korea, but they disappeared one after the other until it was only in Fusan (釜山) that Japanese influence was in any way felt. This port was opened to trade in 1876, followed by Wonsan (元山) and Chemulpo (仁川) which were opened in 1880 and 1883 respectively. Fusan (釜山) and Wonsan (元山) were from the beginning Japanese

towns. In the case of Chemulpo (仁川), though Japanese were predominant, Chinese and Europeans also had considerable influence. In these treaty ports commerce was carried on as in most treaty ports in the East, and Japanese influence there constantly grew as Japan herself went on gaining power in world commerce. But there was nothing very extraordinary in the progress of these ports until the Chino-Japanese War, which broke out in 1894, opened to them a new period of prosperity. Fusan (釜山) and Chemulpo (仁川) grew to be large towns, and the now thriving towns of Mokpo (木浦), Kunsan (郡山), Masan (馬山), and Chinnampo (鎮南浦), all practically Japanese, came into being and were recognized as treaty ports. The progress of these towns was phenomenal; commercial Japan in miniature was reproduced in these places, the streets of which were lined with typical Japanese houses, Japanese manners and customs kept and observed to perfection, Japanese branch banks opened, and the Japanese currency in circulation. Thus, while all the other cities were diminishing in population and in power and, with the exception of Seoul (京城), Pyengyang (平壤), and a few other cities, taking on the appearance of a number of villages clustered together rather than that of a regular town, these Japanese towns grew and prospered. Then came the Russo-Japanese War which thrust upon some of these towns prosperity they have never since enjoyed. On the restoration of peace the war-time boom naturally ceased, but the establishment of the Japanese protectorate opened up a new prospect before them. By that time the Seoul-Chemulpo Railway (京仁鐵道) had already been running for some years, infusing a new commercial life into the old capital of the Peninsula, and enlivening it to such an extent that Chemulpo (仁川) itself soon fell into the background before its ascendancy. Meanwhile, the Seoul-Fusan (京城釜山) and the Seoul-Wiju (京城義州) Lines were opened. A large number of Japanese began to pour in, first to the towns along the railways and then to those in the interior, and since they were mostly merchants, some unquestionably of doubtful charac-



Fusan (釜山), the oldest Japanese port in Chosen



The inland city of Taiku (大邱), showing a Japanese street springing up in its heart

ter but nevertheless merchants, they carried along with them commerce of one kind or another. Pyengyang (平壤), the second largest city in the Peninsula, soon grew to be the centre of the commercial activity in North Chosen, eclipsing the importance of the little Japanese town of Chinnampo (鎮南浦). The rapid growth of these cities was to no small extent due to the many public works, such as railways, roads, bridges, harbours, waterworks, and Government and other public buildings, then under construction in and around them, and further to the entry of a large number of Japanese officials who became for the time being the best customers of the retail merchants in them. None the less, business on a more substantial basis was growing and was followed by the general awakening of the native merchants. Thus by the growth of the native cities, those Japanese towns which for a time monopolized the country's trade and commerce lost, with the exception of Fusan (釜山), part of their sphere of activity. But the growth of trade with Japan and other countries consequent upon the general opening-up of the country did more than make up for this loss of monopoly, and they still constitute the chief commercial towns of the Peninsula. At any rate, the change was largely brought about by extension of transportation facilities, the next subject for our consideration.

Reconstruction of Overland Transportation Facilities:—

Before the establishment of the protectorate régime Korea possessed no highways worthy of the name. If the country had good roads in its better days these had long been allowed to lapse into a sad state of disrepair. In the case of such thoroughfares as those between Seoul (京城) and Fusan (釜山), Seoul (京城) and Chemulpo (仁川), and Seoul (京城) and Wiju (義州), the road was barely wide enough for vehicular traffic, and apart from these there were hardly any roads more than six feet wide and they, moreover, were exceedingly rough and barely fit for the passage of coolies and horses. Furthermore many rivers had few, if any, bridges across them so that quite often, when ferryboats were not procurable, travellers were obliged to wade

through the stream, and in times of flood were even obliged to stop for several days until the river again became fordable.

That neither commerce nor industry, in any modern sense, could exist under these conditions is quite clear. The growth of the self-supply system alluded to in a previous chapter, which ignores the existence of any world outside one's own locality, was an inevitable outcome of the conditions, and so long as this system continued there could be no commerce worthy of the name.

Japan's task as the constructor of roads in the Peninsula began as early as 1898 when a Japanese financial syndicate, including Baron Shibusawa, purchased from Mr. James R. Morse, an American, the concession for the construction of a railway line between Seoul (京城) and Chemulpo (仁川) granted to him by the Korean Government. This first railway in Korea was completed in 1900 and opened to traffic in October of the same year. By another syndicate, with which the one mentioned above was soon amalgamated, was undertaken the construction of the Seoul-Fusan Railway (京釜鐵道) (274.9 miles) which was completed and opened to traffic in January, 1905. Subsequently, the Seoul-Wiju Railway (京義鐵道) (309.7 miles), which, with the above-mentioned Seoul-Fusan Line (京釜線), constitutes the trunk line traversing the Peninsula lengthwise, was built by the Japanese army and completed in March, 1906. Branch lines were added from time to time, and by the time of the annexation the greater part of the present railway system in Chosen had been completed, for of the 1,092 miles, the total length of the Chosen railways now in operation, 759 miles had already been opened to traffic. But the construction of roads, other than railways, was not started until after the establishment of the protectorate régime. An extensive plan of highway construction was then formed by the Government Engineering Department, and accordingly various roads were constructed or repaired until, by March, 1918, the total length of roads completed reached 5,100 miles,



A ferry-boat on the Han River (漢江)



Iron bridge across the Han River (漢江), built in 1918

of which about 3,850 miles were undertaken at Government expense and the rest half at Government and half at local expense, costing in all Yen 25,000,000.

Along with these innovations the post and telegraph system was completed, and a telephone service installed in every important place.

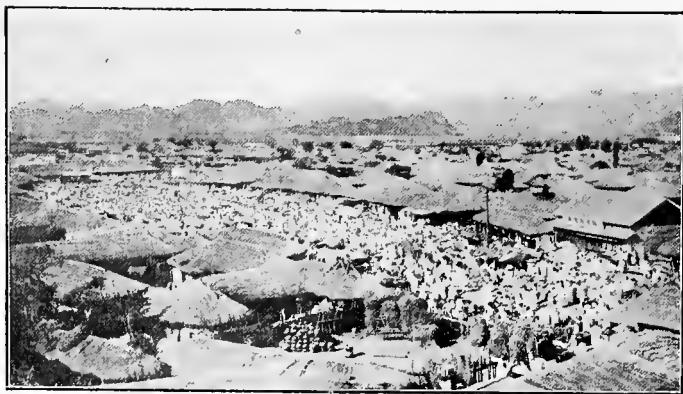
The effect of all this was phenomenal. The farthest ends of the Peninsula were brought into contact by a day and night journey, all towns of note connected by the railways, and the rest by good roads. Products of the north and the south began to be exchanged, and those of the country at large with those of other countries, especially with Japan. The self-supply system soon began to give way to the division of work among localities as well as among individuals. The north ceased to produce cotton and began instead to import cotton goods from Osaka, for which the south supplied the material. Moreover, modernizing influences of the world were soon found to be making inroads into the forbidden cities of the interior. Japanese houses, with tiled roofs, white plastered walls, and paper screens, began to be seen lifting their heads among the low thatched cottages of the natives, and these soon grew into streets. Nor did the native merchants gaze at the transformation with folded arms. They also were stimulated to activity. Thus the commerce, hitherto monopolized by the treaty ports and by foreigners, was generalized and shared in by the natives.

Rise of Manufacture :—With such a manufacturing country as Japan as her immediate neighbour and political protector, the manufacturing industry of Korea made but little progress in the beginning. Some were even of the opinion that it was not to the best interests of either Japan or Korea to take any active measures to encourage manufacture in the Peninsula. Korea in their idea should be made the supplier of materials and Japan the manufacturer of goods. Such a view, however, was not taken by the great majority of the Japanese in the Peninsula. Especially was Count Terauchi, the first Governor-General, by whose

hand the annexation was carried out, opposed to this view. He was a staunch believer in the self-support system on an enlightened basis, and, for that, he considered it necessary to encourage everything and anything that the Peninsula could produce with profit, and in some cases even without profit. Nor did it fare well with the country in importing so much from Japan. The import-excess already large enough increased rapidly, owing to the various public works and other new undertakings set on foot requiring so much of imported goods in the form of building material, machinery, etc. To establish an equilibrium in trade it was necessary either to increase the exports or to discourage the imports, and to do the latter, manufacture at home must be encouraged. Nor were the quick-eyed business men slow to avail themselves of the fine opportunity which the country offered for the establishment of certain factories by reason of the cheapness of its labour and material; to this, however, the lack of capital proved a great obstacle. Naturally, the factories which first made their appearance in the Peninsula were generally of such a nature as to require neither a large capital nor great skill. Rice cleaning, brewing, tobacco manufacture, cotton ginning, tanning, and the making of earthen wares were such. The real progress made in manufacture is to be seen from 1914, when iron foundries, paper-mills, sugar refineries, flour mills, match factories, and even ship-building yards began to spring up in the Peninsula.

Regulation of Markets and Innovation of Native Handicraft:—Commerce and manufacture so far described are those conducted more or less in modern fashion. But Korea has her own way of doing business and her own handicraft, both of which might be developed with advantage, at least during this transition period.

(a) Regulation of Markets: Trading by means of markets constituted and still constitutes one of the peculiarities of Korean economic life. Such markets are generally opened periodically in the principal towns, and food products, clothing materials, and cattle, in fact all the first



Famous medecine market of Taiku (大邱)



A market in Scoul (京城)

necessaries of life, were, in former times, almost exclusively dealt in at these markets, thus reducing the necessity of establishing stores to a minimum, and consequently constituting a fatal obstacle to the growth of native towns. Some of the markets have a national fame, like the medicine market in Taiku (大邱), which is open in spring and autumn and at which the amount of transactions during a single season often reaches over Yen 600,000.

This system, which was undoubtedly called into being by necessity has of course its own merit, and if properly regulated and supervised it would contribute much to local economy. Many irregularities, however, existed under the old régime in their administration, especially in the case when people applied for the establishment of a new market-place or for a change in the location of an old one. Nor was it found conducive to the interest of the public to allow an organization of this nature to remain long in individual hands. The evils were quickly done away with, but no regulations for their government existed until September, 1914, when these were promulgated and enforced by the Governor-General's administrative ordinance. The regulations recognized the existence of privately owned market-places only for a period of ten years from their enforcement, while no new markets were allowed to be established except by such public corporations as municipalities or villages. An exception was made for markets dealing in consignments of marine products. These were allowed to be established by individuals but their duration was limited to a period of five years. For the control and supervision of markets Provincial Governors were made responsible, and their permission was required for the formation, alteration of location, or final closing of a market, while they were empowered to cancel such permission in case the market proved detrimental to the public welfare. Notwithstanding the restrictions thus placed upon their formation the number of markets increased greatly after the enforcement of the regulations, so that in 1914 there were as many as 1,143 of them. But decline soon set in, the very next year showing

a decrease of 100 at a stroke. Things are taking their course, and the influence of established stores is slowly but steadily substituting them for this old form of doing business.

(b) Innovation of Native Handicraft: The Koreans of old were excellent artists and workmen in weaving, ceramics, metal casting, etc. But that excellence now belongs to ancient history, and at the beginning of the protectorate, there were no arts left to speak of. Yet they had not died out entirely. Moribund as they were, they still showed signs of life, and could be revived, it was considered, by judicious nursing of them, for the Koreans were found by no means lacking in artistic talent. One of the first steps taken was the establishment of a school devoted to that purpose, and the Industrial Training School in Seoul (京城) was established in 1907 at a cost of Yen 149,000. Dyeing, weaving, ceramics, metal work, carpentry, joinery, paper making, surveying and drawing, etc., were subjects taught there. The school, at first independent, was amalgamated with, or rather made the nucleus of, the Central Experimental Laboratory when that institution was established in 1912. Many Koreans study and work there now, and show a skill worthy of their ancestors. Especially were efforts made to develop the hand-weaving of various kinds which brought in a handsome income to the families of the peasantry and the total amount of which reached Yen 4,000,000 annually. For this purpose improved weaving looms were distributed, and experts despatched to give necessary training in their use. These efforts have already borne fruit, for the quality of the cloth improved and the amount of production increased. But these domestic industries will, after all, figure little in Chosŏn's national economy. The factory system is gradually making its way into the country and the Koreans are making themselves more useful as factory hands. Their efficiency in that capacity can not be said to be very high as yet, but it is visibly increasing year by year.

Opening of a New Era for Foreign Trade:—It was



Pitcher and vase made in the Koryu (高麗) Period



Porcelain wares made by the Industrial Technical School

but natural that the measures mentioned above should have their due effect upon the foreign trade of the country. They did, indeed, and the followings are its chief features.

The first trade returns of Korea were published in 1886, when the Customs service of the country was put under Sir Robert Hart, Inspector General of the Chinese Customs. Following up these figures we find that the amount of trade was increasing as a whole even in these early years, notably in import, an explanation of which may be found in the growth of the treaty ports already described, and in the increase of foreign enterprises in the Peninsula. The real progress in the foreign trade, however, set in in 1907 when the various reforms and measures adopted for industrial development began to bear fruit. Up to that time it was only import that had regularly increased, export showing violent ups and downs and making on the whole but little advance. For the first time export made a conspicuous advance in that year, reaching at a jump to Yen 22,531,179, and, save for the year that followed in which some very slight decrease was witnessed, it kept on increasing until it reached Yen 224,084,440 in 1919, when import also exhibited the unprecedented amount of Yen 282,423,392. (See table on page 166).

This marvellous change in the trade position of the Peninsula is one of the results brought by the economic transformation of the Peninsula, the chief features of which have already been noted. It remains here but to consider those measures and reforms having trade development for their principal object. Of many such measures we may mention here (1) harbour improvement, (2) extension of marine transportation, and (3) introduction of Korean products to outside markets.

Harbour Improvement :—A great drawback to the Korean ports on the Western coast is the wide range between the rise and fall of the tide, the difference being, in the neighbourhood of Chemulpo (仁川), as much as 30 feet, so that what is a deep harbour at full tide presents a marsh-like aspect at low tide. This had to be remedied in

one way or another. The other ports, naturally excellent, were neglected, and destitute of all equipment necessary for a modern port. Harbour improvement was therefore one of the first undertakings of the new Government, and the first programme of harbour improvement was started in 1906. It included improvement works at Chemulpo (仁川), Fusan (釜山), Wonsan (元山), Kunsan (群山), Mokpo (木浦), Chinnampo (鎮南浦), Chungjin (清津), Songjin (城津), Masan (馬山), and Shinwiju (新義州), and was to be carried out in eight consecutive years from 1906 at an estimated cost of Yen 4,951,823. As a matter of fact, however, the work was all but finished at the end of 1910, only some portion of it at Chemulpo (仁川), Fusan (釜山), and Chinnampo (鎮南浦) remaining undone.

The second programme was at once laid down and was approved by the Imperial Diet of Japan in 1911. This was on a far larger scale as compared with the first, and was to be carried out in six consecutive years at an estimated cost of Yen 8,271,829, of which Yen 3,824,060 was for Fusan (釜山), Yen 3,483,394 for Chemulpo (仁川), Yen 835,000 for Chinnampo (鎮南浦), and Yen 129,375 for Pyongyang (平壤). The programme was later extended into a nine-year consecutive work, the estimated cost being increased to Yen 9,831,829. By the first programme Fusan (釜山) was provided with a large wharf to accommodate two ocean steamers of 3,000 tons, by the second its harbour was dredged to the depth of 36 feet and was further provided with a second wharf with an iron-built pier to berth at once four ocean steamers from 7,000 to 20,000 tons, together with landing facilities connecting railway and wharfs, and a break-water to protect the anchorage of small steamers and junks. Chemulpo (仁川) had, by the first programme, its Customs compounds extended by 14.7 acres by reclaiming part of the harbour, and was provided with better Customs facilities, landing piers, warehouses, and further had the railway extended to the harbour. By the second, the port was provided with a wet dock system, with a dock large enough to provide at one time accom-



Fusan (釜山) harbour—New piers



Chemulpo (仁川) harbour—Wet dock under construction

modation for three steamers of 4,500 tons each, so as to minimize the effect produced in the harbour by the great difference in the tides and the action of the Han River (漢江) through the constant silting up of its mouth.

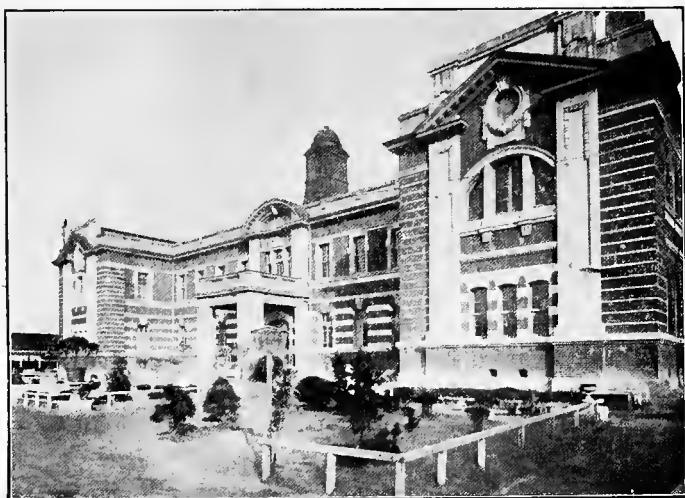
Chinnampo (鎮南浦) was provided, by the first programme, with improved Customs facilities, harbour equipment, and a wet dock, while the second was devoted to the further extension of its harbour. For Pyengyang (平壤), an inland city on the right bank of the River Taitong (大同江), the shoals of the river were dredged so as to make it navigable for larger vessels. Outside the above programmes, harbour improvement was to be carried out at Wonsan (元山), the most important port on the eastern coast, at an estimated cost of Yen 1,560,000 from 1915 for five consecutive years, and similar works have been done at Mokpo (木浦) and Kunsan (群山).

Extension of Marine Transportation:—The native means of marine transportation prior to the entry of the Japanese into the field were limited to junks plying on rivers or coasting between easy-distance sea-ports. By the agreement concluded in August, 1905, the Korean Government permitted Japanese vessels to engage in the coasting traffic and in the navigation of inland waters. As the result, two individuals and one company were soon engaged in the traffic, and these were appointed under contract by the Government to make regular calls at certain specified ports in consideration of subsidies granted to them. The sea-ports were thus connected by water-routes as well as by the railways. For some time after the annexation this arrangement was permitted to continue, but, in consideration of the irregularities still existing in the coastwise service, steps were taken in 1912 to amalgamate the above-mentioned three shipping firms into one big company, and, this being successful, the Chosen Mail Steamship Co. came into being. The company was established early in 1912 with a capital of Yen 3,000,000, and in this way a complete transformation in the coastwise navigation of the Peninsula was effected.

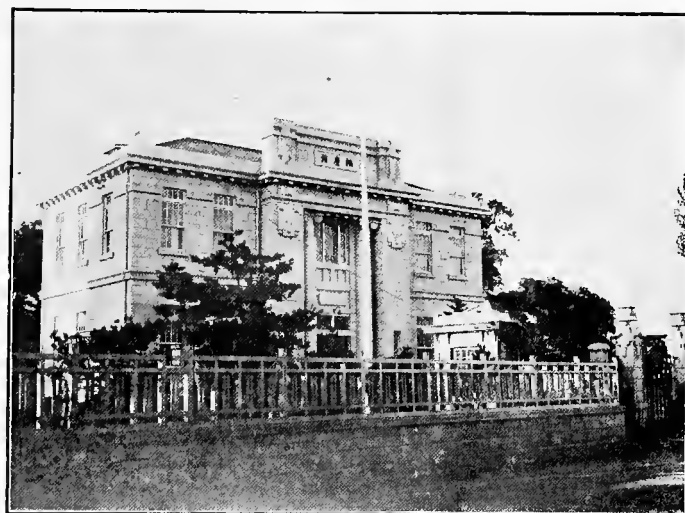
With regard to ocean transportation, it was entirely left to vessels of Japanese and other nationalities, by far the greatest part being taken by Japanese vessels. It was greatly facilitated by the harbour improvement works mentioned above and by the erection of lighthouses, for which purpose the Government disbursed Yen 1,250,000 out of the Customs revenue in 1906. For the latter purpose Korean waters were mapped into ten navigation lines along which were established lighthouses, light-bouys, beacons, bouys, fog-signals, etc., and the Korean coast so dangerous in days of yore was thus made safe for navigation by large steamers.

Introduction of Korean Products to Outside Markets :— While exhibitions were very frequently held at home to stimulate the industrial development of the country, those in Japan and in foreign countries were also made use of for the purpose of introducing Korean products to outside markets. When the Anglo-Japanese Exposition was held in London in 1910, Korean products of the soil and of art to the number of 245 were exhibited, and similar steps were taken whenever an exhibition, national, provincial, or colonial, was opened in Japan. To deepen the impression made by the articles exhibited, pamphlets describing Korean products and industrial conditions were given to visitors. These and other methods, though trivial in nature, must, nevertheless, have done a great deal in the way of introducing this once "Hermit nation," but now the most progressive part of the Japanese Empire, to the world at large.

*Commercial and Industrial Credit :—*It has been observed that long before the opening of the new era the treaty ports were provided with Japanese branch banks, the most important of which was the Dai Ichi Ginko. Since all these banks were commercial banks and engaged in bill discounting, loans, and advances, a commercial credit was not entirely lacking as far as the Japanese communities in them were concerned. But for the rest of the country, except for the capital and perhaps Pyengyang (平壤), there was practically nothing of the kind. On the establishment of



Commercial Museum, Seoul (京城)



Products Museum, Taiku (大邱)

the central bank system, with the Dai Ichi Ginko as the centre, and of the Agricultural and Industrial Banks, great improvement was seen in this direction, since the latter banks, forgetful of their primary object, greatly inclined to the commercial side of business, the more so as the law permitted them to undertake it as a temporary measure. But the real advancement was witnessed when the Bank of Chosen, formerly called the Bank of Korea, came into being in 1909. Though the Bank of Chosen was vested with all the powers of a central bank, its commercial nature which it acquired from the Dai Ichi Ginko was not a bit weakened by the fact, nay, on the contrary, it was very largely fostered. For this, the Bank was greatly indebted to the state of things which the various reforms and adjustments preceding its establishment had brought about. The currency had been all but unified, and the use of credit instruments, such as promissory notes, bills of exchange, warehouse warrants, etc., had become fairly general not only among the Japanese but also among the native merchants of advanced type, due to the establishment of note-associations, warehousing companies, and various other credit institutions. There was some lack of uniformity among these credit institutions at first but this was finally established by the founding of the Bank. The bills discounted and other advances of a commercial nature, which amounted to Yen 3,755,000 at the end of its first year, increased to Yen 7,377,000 the next year, and to Yen 10,210,000 in the third year, while later developments were even more remarkable. Part of these advances were made by the re-discounting of bills for other banks, but the greater part of them were made by the Bank direct. Moreover the Bank was confronted with a most difficult problem in the form of the constant and even ever-increasing import-excess, tending to deplete the country of all its specie. As the preserver of specie, which duty it was extremely difficult to fulfill on this account, the Bank had to resort to every means calculated to assist the development of industry and thereby lead to increase in export, or the very basis of the note-issue of the Bank

would be endangered. The steps taken by the Bank as expressed in the oft-repeated phrase in the Bank's reports in those days "while pursuing the most cautious line in conducting our business, efforts were made to meet as much as possible the requirements of the public which were deemed conducive to the development of the Peninsula" were indeed necessary for the very existence of the Bank. So it was that in those days the experiences of foreign, colonial, and overseas banks were most assiduously studied by its research department, and wide-spread interest on the subject was aroused by the publication of some of its research works.

Besides the Bank of Chosŏn, the branches of the Dai Ichi Ginko, Juhachi Ginko and Hyakusanju Ginko, all Japanese, the Han-il Bank (韓一銀行), and Chosŏn Commercial Bank, both native, and a few other banks did much for the development of commercial credit in the Peninsula.

PART II

ECONOMIC DEVELOPMENT

OF CHOSEN

CHAPTER I

AGRICULTURAL DEVELOPMENT

Introductory considerations; Growth of acreage under cultivation; Grain growing: rice, barley, wheat, soya beans, and others; Cotton, ginseng, and tobacco cultivation; Sericulture; Stock-farming; Horticulture; Later development of the Oriental Development Company.

Introductory Considerations :—What we have described in the foregoing pages under the heading of “Economic Reconstruction of Chosen” would be but a hollow voice if it were not followed by some account of the actual fruits borne by it. Such fruits are not yet formed in some cases nor will they be for many years to come. But in many cases the result is already in evidence, and it is the object of this and some of the succeeding chapters to follow up the development ushered in by the reforms already mentioned, and also to describe the various new departures made in such reforms at later periods.

It has already been observed how, by the establishment of model farms, seedling stations, agricultural schools, and other institutions, as well as by means of the various measures taken for the reclamation of waste lands and for irrigation, and by the initiative taken with a similar purpose in view by private individuals, the agriculture of the Peninsula was ushered into a new era of progress and development. And, since the result of the various measures started under the protectorate régime began to manifest itself about the time of annexation, that is, 1910, that year will be made the basis of our comparison.

Growth of Acreage under Cultivation :—Through the extension of reclamation and irrigation works many a stretch

of land hitherto lying idle has been brought under cultivation increasing the acreage of the cultivated land as follows :

Year	Cultivated Land			Agricultural Population		Average Area per Family
	Paddy Field	Upland	Total	Families	People	
	Acres	Acres	Acres			Acres
1910...	2,077,294	3,963,200	6,040,494	2,336,320	10,427,199	2.59
1911...	2,456,298	4,173,105	6,629,403	2,380,210	11,014,313	2.79
1912...	2,510,379	4,466,321	6,976,700	2,433,609	11,614,353	2.87
1913...	2,615,501	4,456,714	7,072,215	2,573,044	12,350,829	2.75
1914...	2,669,490	2,582,225	7,251,715	2,590,237	12,787,365	2.80
1915...	2,885,657	4,884,240	7,769,897	2,629,021	13,444,826	2.98
1916...	3,284,600	5,511,836	8,796,436	2,641,151	13,738,532	3.31
1917...	3,516,841	5,979,432	9,495,273	2,641,994	13,887,806	3.51
1918...	3,784,780	6,855,948	10,640,728	2,652,434	13,942,474	4.01

Thus it will be seen that an increase of more than 76 per cent. has been made in the acreage of arable land in the Peninsula since the annexation, and, notwithstanding the fact that the agrarian population has also rapidly increased, that the average allotment per family has expanded from 2.59 acres to 4.01 acres.

*Grain Growing : Rice, Barley, Wheat, Soya Beans, and Others :—*As in most other countries, by far the largest part of the arable land is devoted to the growing of grain and pulse, of which the principal are rice, barley, wheat, rye, oats, millet, soya beans and red beans. The production of these has increased as follows :

Year	Rice Bushels	Barley Bushels	Wheat Bushels	Rye Bushels
1910	45,148,599	13,529,427	3,368,112	711,954
1911	57,845,485	19,925,727	4,815,598	831,980
1912	52,316,011	21,256,632	5,406,559	1,032,921
1913	60,327,321	25,973,281	6,306,958	1,260,932
1914	71,390,033	22,983,761	5,669,800	1,090,000
1915	65,725,186	25,716,689	5,957,973	1,247,617
1916	71,419,293	23,826,038	6,191,513	1,043,397
1917	69,868,996	25,194,753	6,340,391	1,386,506
1918	76,018,392	28,556,547	6,848,467	1,484,760

Year					Oats	Millet	Soya Beans	Red Beans
					Bushels	Bushels	Bushels	Bushels
1910	...	...	...	...	929,857	17,104,097	13,629,076	4,562,247
1911	...	...	...	...	1,886,259	18,027,210	14,959,182	4,893,471
1912	...	...	...	...	1,668,287	18,922,304	18,047,299	5,384,153
1913	...	...	...	...	2,848,999	22,709,374	17,880,317	5,518,386
1914	...	...	...	...	2,716,324	19,973,090	17,984,100	5,489,152
1915	...	...	...	...	3,485,348	21,748,843	19,932,720	5,323,833
1916	...	...	...	...	3,775,224	23,923,305	20,970,543	5,671,870
1917	...	...	...	...	3,500,087	24,451,812	21,387,198	5,853,982
1918	...	...	...	...	4,585,581	28,103,169	24,159,530	6,066,878

(a) Rice : Rice is the most important of Chosen's agricultural products. Its annual production, after having provided for all domestic needs which are very great as the people chiefly live on it, furnishes an ever-increasing and the largest item in the export trade. In the year of annexation the area of the rice-fields amounted to 2,758,359 acres. This rose in 1918 to 3,793,945 acres, showing an expansion of nearly 38 per cent. During the same period the amount of production increased from 45,148,599 bushels to 76,018,392 bushels, or nearly by 69 per cent. The greater increase in production, as compared with that in acreage, was the result of the improvement introduced into the method of cultivation, in seeds and manure, and in irrigation. All this is shown in the following table :

Year					Area Under Rice	Yield	Yield
					Acres	Bushels	Per Acre
1910	...	...	...	...	2,758,359	45,148,599	16.37
1911	...	...	...	...	3,268,034	57,845,485	17.69
1912	...	...	...	...	3,274,453	52,336,011	15.98
1913	...	...	...	...	3,479,891	60,327,321	17.33
1914	...	...	...	...	3,598,018	81,396,033	19.84
1915	...	...	...	...	3,689,332	65,725,186	17.82
1916	...	...	...	...	3,734,099	71,419,293	19.12
1917	...	...	...	...	3,765,222	69,868,996	18.41
1918	...	...	...	...	3,793,945	76,018,392	20.03

The export of the staple made even greater progress, the export of 3,668,000 bushels in 1910 having increased to 11,506,000 bushels in 1918 or by 214 per cent., while, in

value, it rose from Yen 6,277,000 to Yen 61,542,000 or by 880 per cent., shown as below :

Year								Quantity	Value
								Bushels	Yen
1910	...	...	...	...	...	...	...	3,568,000	6,277,000
1911	...	...	...	...	...	...	...	2,520,000	5,283,000
1912	...	...	...	...	...	...	...	2,477,000	7,524,000
1913	...	...	...	...	...	...	...	3,871,000	14,493,000
1914	...	...	...	...	...	...	...	6,556,000	17,098,000
1915	...	...	...	...	...	...	...	12,249,000	24,516,000
1916	...	...	...	...	...	...	...	7,966,000	19,356,000
1917	...	...	...	...	...	...	...	7,856,000	27,416,000
1918	...	...	...	...	...	...	...	11,506,000	61,542,000

The rather extraordinary increase in value as compared with that in quantity is very largely due to the high price ruling for the staple in recent years; but it should not be forgotten that part of it is due to the improvement made in the quality of the staple, as well as in the method of its preparation. Korean rice is now quoted in Japanese markets nearly as high as the home produce, while other rices, for instance, Chinese, run far below it.

(b) Barley: Barley is the staple food of the poorer classes of the people, and so is mostly consumed at home. It is cultivated all over the country, spring sowing being generally in vogue north of Seoul (京城) and autumn sowing south of it. Constituting so important a food for the needy, every effort has been made to secure increased production. The model agricultural farms have found by experiments that the species "golden melon" and "mammut" grow best in the country, so the cultivation of those species has been encouraged, while much improvement has been effected in the use of manure and the prevention of diseases. These and other steps taken, together with the extension of acreage, have resulted in a great increase in the production of the staple, as shown in the following table :

Year						Area Under Barley	Yield	Yield Per Acre
						Acres	Bushels	Bushels
1910	...	...	...	...	...	717,000	13,529,427	18.87
1911	...	...	...	...	...	875,000	19,925,727	22.77
1912	...	...	...	...	...	945,000	21,256,632	22.49
1913	...	...	...	...	...	1,044,000	25,973,281	24.88
1914	...	...	...	...	...	1,106,000	22,983,761	20.78
1915	...	...	...	...	...	1,182,000	25,716,689	21.77
1916	...	...	...	...	...	1,233,000	23,826,038	19.32
1917	...	...	...	...	...	1,322,000	25,194,753	19.06
1918	...	...	...	...	...	1,378,000	28,556,547	20.72

(c) Wheat: The wheat raised is mostly consumed at home but its export has increased rapidly of late years. It is all autumn sown, and in South Chosen is often planted in the paddy-fields after the rice is harvested. Its cultivation is especially encouraged in those parts subject to frequent floods, because it can be harvested before the approach of the rainy season. "Martin's Amber," "fultz," and "California" are the species found most productive in this country, so their cultivation is encouraged. The result is shown in the following table:

Year						Area Under Wheat	Yield	Yield Per Acre	Export Value
						Acres	Bushels	Bushels	1,000 Yen
1910	...	...	...	...	...	319,000	3,368,112	10.56	289
1911	...	...	...	...	...	377,000	4,815,598	12.78	86
1912	...	...	...	...	...	410,000	5,406,559	13.19	70
1913	...	...	...	...	...	465,000	6,306,958	13.34	210
1914	...	...	...	...	...	474,000	5,669,800	11.96	203
1915	...	...	...	...	...	499,000	5,957,973	11.94	131
1916	...	...	...	...	...	520,000	6,191,513	11.91	417
1917	...	...	...	...	...	560,000	6,340,391	11.32	1,408
1918	...	...	...	...	...	598,000	6,848,467	11.45	914

(d) Soya Beans: Next to rice, beans form the most important item of export of agricultural products. Korean beans are known to be much superior to Japanese beans, and, in some respects, even to Manchurian beans. Only, more uniformity in species and greater care in preparation are required; this done, their future as an article of export

is absolutely assured. In 1910 the production of beans amounted to 13,629,076 bushels, while an area of 1,196,620 acres was devoted to their cultivation. This has risen to 24,159,530 bushels and 1,821,926 acres, showing an increase of 77 and 52 per cent. respectively.

Year						Area Under Soya Beans Acres	Yield • Bushels	Yield Per Acre Bushels
1910	...	...	...	...	...	1,196,620	13,629,076	11.39
1911	...	...	...	...	...	1,324,687	14,959,182	11.29
1912	...	...	...	...	...	1,444,727	18,047,299	12.49
1913	...	...	...	...	...	1,557,511	17,880,317	11.42
1914	...	...	...	...	...	1,874,836	17,984,100	9.59
1915	...	...	...	...	...	1,740,490	19,932,720	11.45
1916	...	...	...	...	...	1,736,074	20,970,543	12.08
1917	...	...	...	...	...	1,807,705	21,387,198	11.83
1918	...	...	...	...	...	1,821,926	24,159,530	13.25

The destination of their export is mostly Japan where they are used not only for food but also for chemical industrial purposes, and the amount is constantly on the increase, as their superior quality has become known and the tendency to uniformity of species is more and more evident of late. The export increased as follows :

Year						Quantity Bushels	Value Yen
1910	...	...	...	...	...	3,445,000	5,217,246
1911	...	...	...	...	...	2,963,000	4,361,837
1912	...	...	...	...	...	3,344,000	5,000,721
1913	...	...	...	...	...	3,280,000	5,536,084
1914	...	...	...	...	...	2,664,000	3,819,280
1915	...	...	...	...	...	5,014,000	5,200,456
1916	...	...	...	...	...	4,628,000	6,011,696
1917	...	...	...	...	...	5,388,000	9,370,900
1918	...	...	...	...	...	4,752,000	9,507,882

Cotton, Ginseng, and Tobacco Cultivation : — (a)

Cotton : Cotton has been cultivated in Chosen from very early times, but until quite recently the production was barely sufficient to cover domestic needs. It was only through the efforts of, and encouragement given by, the

Japanese authorities that real progress was witnessed in this important branch of agriculture. One of the steps taken was the establishment of an association for the purpose of encouraging cotton growing and also of introducing improved seeds and methods. The association was subsidized to the extent of Yen 100,000, distributed over three years beginning with 1906, on condition that American upland cotton was introduced, that the seeds obtained from the crop were distributed among planters at large, and that a ginning mill was established so as to prevent any reckless waste of the seeds. The work of the association was transferred to the Cotton Planting Station on its establishment, and this was in turn made a branch of the Model Agricultural Farm at a still later date. The superiority of the American upland cotton over the native species was definitely established by experiments as well as by practice, and "King's improved" being found the most satisfactory of the American species, its cultivation has been assiduously encouraged. This has resulted in a substantial increase in the production of cotton in the Peninsula. The increase is however entirely due to the American upland species, the native species having somewhat fallen off in amount. The relative position of these two kinds of cotton, as well as the increase in the amount of production as a whole, will be seen from the following table :

AMERICAN UPLAND COTTON

Year						Area Under Cotton	Yield	Yield Per Acre
						Acres	Pounds	Pounds
1910	...	...	...	...	...	3,108	883,830	294.61
1911	...	...	...	...	...	7,457	3,520,000	517.14
1912	...	...	...	...	...	17,922	9,571,957	531.77
1913	...	...	...	...	...	38,774	17,785,414	456.00
1914	...	...	...	...	...	58,728	23,109,914	391.69
1915	...	...	...	...	...	85,075	37,925,000	446.17
1916	...	...	...	...	...	132,771	41,445,000	311.61
1917	...	...	...	...	...	176,921	72,164,000	407.70
1918	...	...	...	...	...	231,143	80,268,000	347.48

NATIVE COTTON

Year					Area Under Cotton	Yield	Yield Per Acre
					Acres	Pounds	Pounds
1910	...	...	...	...	144,321	25,808,734	179.23
1911	...	...	...	...	142,128	31,399,027	221.12
1912	...	...	...	...	140,304	36,173,028	258.38
1913	...	...	...	...	137,694	34,437,462	251.36
1914	...	...	...	...	122,876	29,102,943	236.61
1915	...	...	...	...	107,103	25,289,592	236.35
1916	...	...	...	...	90,527	21,481,563	238.68
1917	...	...	...	...	82,205	18,615,578	224.28
1918	...	...	...	...	88,461	22,782,299	258.89

It will be seen from the above tables that the production of native cotton is gradually decreasing. American upland, on the other hand, introduced only ten years ago, now shows a production of nearly four times as great as that of native cotton. Consequently the export of cotton is increasing very rapidly, as shown in the following table :

COMPARATIVE TABLE OF THE VALUE OF COTTON EXPORTED

Year				Value	Year				Value
				Yen					Yen
1910	...	...	...	224,991	1915	...	...	...	1,157,664
1911	...	...	...	236,655	1916	...	...	...	1,749,666
1912	...	...	...	340,557	1917	...	...	...	4,227,817
1913	...	...	...	848,429	1918	...	...	...	6,141,088
1914	...	...	...	1,098,728					

This is very welcome since Japan is badly in need of cotton for her ever-extending textile industry. The production, nevertheless, is mere child's play compared with that of the great cotton-producing countries such as America or India. It is only significant as being the beginning of a great development in the future.

(b) Ginseng: Ginseng, or *insam* as the natives call it, is a very important product of Chosen, being the root of the plant *Panax ginseng*, which, after being steamed and dried, is used as a medicine. It was long believed in China, Korea, and even in Japan, to be the best medicine in the

world and a cure for all diseases, and so implicit was their faith in it that even to look at it was thought sufficient to cure many diseases. Korean ginseng is believed to be the best in the world, and the best in Korea that raised in Kaisung (開城) the former capital.

The highest record in the production of ginseng was reached about 1902, when it totalled over 100,000 *kin* (132,280 lbs.). Then broke out a disease among the plants with so disastrous an effect upon its cultivation that it waned steadily year by year. With the establishment of the protectorate régime, the management of the Ginseng Monopoly was transferred from the Imperial Household Department to that of Finance, and in 1917 the Ginseng Monopoly Law was published, by which eight districts were set apart for its cultivation, and, with the reforms carried out in its management, every measure was taken to prevent the spread of disease as well as to cure it. Encouragement was also given by providing funds at low interest, and by perfecting the equipment necessary for its cultivation. The result was satisfactory and better days began to dawn. Since the annexation the amount of production has increased by leaps and bounds, and decided improvement has been witnessed in its quality. Thus Korean ginseng has not only regained its former reputation but is enjoying the promise of further development. The vicissitudes experienced during the past decade are shown in the following table :

Year					Amount of Production	Quantity Exported	Value of Export
					Pounds	Pounds	Yen
1910	...	...	...	...	6,250	—	—
1911	...	...	...	...	17,573	3,425	70 335
1912	...	...	...	...	76,083	15,649	193,235
1913	...	...	...	...	185,319	27,879	526,556
1914	...	...	...	...	319,901	19,846	499,462
1915	...	...	...	...	483,110	35,967	1,252,133
1916	...	...	...	...	699,335	56,477	1,331,602
1917	...	...	...	...	641,647	93,826	1,991,123
1918	...	...	...	...	266,093	103,008	1,977,545

The largest customer for Korean ginseng is China, where its quotation often goes up as high as Yen 150 per *kin* (1.3228 lbs.) or seven times as high as that for American ginseng and no less than thirty times that for Japanese ginseng. Its export to Japan is also increasing. The future of Korean ginseng is thus very promising, especially as an article of export to China.

(c) Tobacco: Tobacco is cultivated all over the country, and that produced in the districts of Yong-in (龍仁) and Kwangju (廣州) in Kyungki Province (京畿道) has been noted for its fine taste from of old. The soil and climate of Chosen are well adapted for its cultivation, and the native species, as well as the improved ones, are said to be palatable to most smokers the world over. As to its improvement, it was started as early as 1905, when trial raising was made at the model farms of various Japanese and foreign species to ascertain their merits and demerits. In 1911 the general investigation having been completed, experts were despatched to the principal tobacco-producing districts, and, basing their instruction upon the results obtained from the above-mentioned experiments, introduced the cultivation of Japanese species such as *kokubu* and *hada-no*, and some American plants, and their work was attended with excellent results. The attention of the producers was further called to the improved method of drying, manipulating, and other processes of preparation. Japanese leaves are now being extensively cultivated in place of the native species. A new departure was made in this branch of agriculture by the Oriental Development Company last year when the company entered into a contract with a New York firm to supply Turkish leaves grown in Chosen to the amount of 480,000 *kwan* (3,968,160 lbs.) annually. The contract was made by reason of the excellent result obtained in the experimental cultivation of that species of tobacco during several years past. Another contract was later made by the company with another New York firm to supply, after the lapse of a few years to be spent expanding the production, native leaves to the amount of 1,200,000 *kwan*



Ginseng beds at Songdo (開城)



Tobacco Plantation near Taiku (大邱)

(9,920,400 lbs.) annually. All this seems to indicate the bright future for tobacco cultivation in the Peninsula. So far the production of tobacco has not increased quite so fast as that of most other items as shown in the following table :

Year					Area Under Tobacco	Yield	Yield Per Acre
					Acres	Pounds	Pounds
1910	...	...	...	...	70,251	19,659,000	279.84
1911	...	...	...	...	39,298	23,280,000	592.39
1912	...	...	...	...	43,546	27,860,000	639.78
1913	...	...	...	...	48,120	31,348,000	651.46
1914	...	...	...	...	26,947	21,759,000	807.47
1915	...	...	...	...	33,261	30,381,000	913.42
1916	...	...	...	...	32,061	28,844,000	899.65
1917	...	...	...	...	36,483	31,074,000	851.71
1918	...	...	...	...	43,292	32,104,000	741.57

Sericulture :—Sericulture has been carried on in Chosen from very early times but made practically no progress, the species reared being of a very inferior character, while the method of rearing as well as of the reeling of thread from the cocoons was very primitive. But Chosen has a decided advantage for this industry over most other countries in her highly favourable climatic conditions, of which dryness is the chief feature. Korean houses with heated stone floors can also be used with advantage for this purpose. These advantages for sericulture being recognized, the Government undertook to improve its condition as early as 1906. Attempts were made to improve the native species. The methods of cultivating mulberry trees and rearing silkworms were improved, and institutions necessary for the encouragement of the industry were established. It was however soon found that the native species, however much improved, were inferior to those reared in Japan, so the use of the latter was assiduously encouraged, and, along with their prevalence, the production of cocoons was thereby increased. At present over 400,000 families are engaged in sericulture, 56,819 acres of land are devoted to the cultivation of mulberry trees, and no less than 600,000

bushels of cocoons are produced. This quantity shows an increase by more than eight times as compared with that of the year of annexation when it was only about 70,000 bushels.

The progress is indeed so rapid that the time is not thought to be far off when Chosŏn, along with Japan, will take rank among the chief silk-producing countries in the world.

Sericulture is most largely carried on in the five provinces of North Kyungsang (慶尙北道), North and South Pyung-an (平安南北道), Kyungki (京畿道), and Kangwon (江原道). The result of a careful study revealed that the species *matamukashi*, *koishimaru*, and *aobiki* are best suited for spring rearing, *shinya* for summer rearing, and *hakuryu* for autumn, so these have been appointed as the standard Japanese species, and their use is encouraged so as to secure uniformity in species. Some foreign species, both French and Italian, and some crosses are also reared by way of experiment, and some have given excellent results. Consequently the export of Korean cocoons to Japan has increased very considerably of late. This increase in export, as well as that in production, is set forth in the following tables :

Year								Area Under Mulberry Trees	Yield of Cocoons
								Acres	Bushels
1910	...	...	...	...	...	...	...	8,190	69,140
1911	...	...	...	...	...	...	...	9,631	99,419
1912	...	...	...	...	...	...	...	12,804	146,111
1913	...	...	...	...	...	...	...	18,279	182,991
1914	...	...	...	...	...	...	...	25,103	229,261
1915	...	...	...	...	...	...	...	31,441	293,591
1916	...	...	...	...	...	...	...	37,932	356,944
1917	...	...	...	...	...	...	...	45,918	482,290
1918	...	...	...	...	...	...	...	56,819	600,917

The export has increased as follows :

Year	Quantity Pounds	Value Yen
1910	—	—
1911	284,936	27,412
1912	209,671	25,870
1913	187,695	62,056
1914	406,115	334,823
1915	714,996	724,635
1916	1,089,127	1,470,175
1917	326,146	72,778
1918	2,073,601	4,987,956

The export of Korean cocoons has thus increased by more than 6 times in quantity and over 183 times in value during the past seven years. There is some export of silk but, the silk industry in Chosen being as yet at the very beginning of development, the amount is insignificant. Wild cocoons are produced in North Pyung-an Province (平安北道) but do not amount to much since their rearing was started only a short time ago. The latest statistics give their production at about 53,442,000 cocoons and their export at about 130,000 pounds valued at Yen 25,000. But the future of this wild sericulture is considered no less hopeful than the domestic one.

Stock-farming :—(a) Cattle Breeding: Bulls and cows which are raised everywhere in the Peninsula play quite an important part in the rural economic life of the Koreans. The bull, being of hardy constitution and massive in build, can stand hard labour and so is extensively used for ploughing as well as for transportation purposes, while the cow, though of very little use in giving milk, furnishes good beef. Besides, they are extremely clever and so gentle that a boy of 8 or 9 is often seen handling them quite comfortably. Various means were resorted to by the authorities to help develop this branch of stock-farming. At one time subsidies were granted to facilitate the procuring of bulls for breeding purposes, at another low interest loans were granted to encourage the selection of species and preservation of the best, while measures were taken to improve the method of cultivating pastures and the storing of fodder, and to prevent the reckless killing of

cows and calves, etc. As most of the cattle in the northern part of the Peninsula are greatly superior to those in the south, improvement of cattle in the south was effected by procuring superior bulls from the north for service, and this means of improving the native cattle showing better and healthier results than cross-breeding with foreign species, the Government-General issued in December, 1914, an instruction to Provincial Governors to the effect that cattle improvement should be conducted by making use of the native bull exclusively, and that bulls of mixed breed or of European origin should not be used except for breeding milch cows. Quite recently regulations relative to reservation of cattle were published, by which certain animals registered as reserved cattle are granted subsidies and placed under Government supervision as to their feeding, breeding, etc. All these measures resulted in a marked improvement in the quality of the cattle, and also in an increase in their number, as shown in the following table :

	Year	Number	Ratio
1910	703,844	100
1911	906,057	129
1912	1,040,720	148
1913	1,211,011	172
1914	1,338,401	190
1915	1,353,531	192
1916	1,353,108	192
1917	1,384,609	197
1918	1,480,037	210

Their export to Japan, Asiatic Russia, and China has also increased as follows :

	Year	Number	Value Yen
1910	18,379	634,081
1911	19,697	703,581
1912	7,030	207,661
1913	8,661	211,523
1914	15,429	465,927
1915	14,281	338,014
1916	19,896	435,841
1917	32,819	1,011,985
1918	40,627	2,277,808

The sudden decrease of export in 1912 was caused by the cattle plague which then broke out in the frontier districts. It was recovering gradually when, on account of the European War, the amount of export rose suddenly in 1914 to double the amount of the preceding year, making the increase during the past eight years 78 per cent. in quantity and 59 per cent. in value.

Cow-hides also occupy an important place in Chosen's export trade. Korean cattle furnish a very good hide because of its large size and fine grain. The chief drawbacks to its value lay in the manner of preparation and also in the presence of abrasions caused by the saddles in common use. Many experiments were made to overcome these drawbacks. Quite recently an association was organized to effect this purpose, and the introduction of skinning knives of a new type and the adoption of a new drying method (salt drying method), together with the use of improved saddles, made for great progress in the art of preparing the hide for tanning. The European War also contributed much to the increase of its export to Japan by cutting off that country from its supply of foreign hides, while the demand was enormously enlarged on account of the industrial boom consequent on the war.

ANNUAL EXPORT OF COW-HIDES.

Year								Quantity	Value
								Pounds	Yen
1910	...	...	...	...	...	...	...	5,439,000	1,004,735
1911	...	...	...	...	...	...	...	5,588,000	1,068,857
1912	...	...	...	...	...	...	...	4,412,000	1,032,280
1913	...	...	...	...	...	...	...	4,575,000	1,267,569
1914	...	...	...	...	...	...	...	5,628,000	1,597,736
1915	...	...	...	...	...	...	...	10,802,000	3,538,790
1916	...	...	...	...	...	...	...	9,261,000	3,573,818
1917	...	...	...	...	...	...	...	4,755,000	2,019,781
1918	...	...	...	...	...	...	...	2,838,000	1,268,247

(b) Horse Breeding: In wide contrast to the cattle the native horse, averaging only three feet and a half in

height, is small and poor. With a view to improve the breed, Prince Yi's Household (李王家) began in 1914 horse breeding near Suwon (水原) by importing some Anglo-Arab, Hackney, and thorough breeds raised in Japan. The Government is also trying to make a new variety suited to the climatic conditions and natural features of Chosen by crossing Mongolian mares with Japanese stallions.

(c) Pig-breeding, Poultry Raising, and Others: Pigs are kept by almost every peasant family but because of their diminutive size and general poorness in other respects, Berkshire pigs were imported for experimental purposes by the Model Agricultural Farm. The result being satisfactory, more were imported and distributed, thus making a beginning in improvement in pig-breeding.

Poultry raising in Chosen was also so very backward that the eggs obtained hardly weighed one ounce. Better specimens were therefore procured and distributed by the Model Farm, and the "Nagoya," "Cochin China," and "Plymouth Rock" are now being introduced.

The breeding of sheep and goats was also tried, and, though still on a very small scale, is doing well. Some merino sheep were experimented with but gave discouraging results, while one of Mongolian origin proved adaptable to Korean climatic conditions, as it is able to stand severe cold.

The efforts thus made for the encouragement of stock-farming, for which the Peninsula affords great facilities because of the abundance of its pasture grounds, have been on the whole successful, as shown in the following table :

Year	Horses	Asses	Mules	Pigs	Sheep	Goats	Fowl
	Head	Head	Head	Head	Head	Head	Head
1910	39,860	8,264	812	565,757	47	7,332	2,795,259
1911	40,976	9,824	383	572,840	55	8,361	3,421,312
1912	45,565	11,587	580	616,945	82	10,373	3,931,632
1913	50,652	13,225	802	761,185	56	10,456	4,194,335
1914	52,545	13,747	1,059	757,803	142	11,610	4,110,234
1915	54,539	13,128	1,025	765,540	220	14,224	4,278,239
1916	53,044	12,602	1,434	780,077	289	13,975	4,400,351
1917	55,380	11,824	1,858	832,280	571	15,116	4,566,639
1918	58,217	12,172	2,211	923,979	670	16,650	4,913,322



Mongolian mares at the Branch Model Farm at Nankok (蘭谷)



Mongolian sheep at the Branch Model Farm at Seipo (洗浦)

Horticulture :—Thanks to the good climate of Chosen and to the efforts made by the Government through the Model Agricultural Farm, especially its Tuksum (龜島) branch which is exclusively devoted to this branch of agriculture, and also to private enterprises, horticulture has made good progress. The Korean fruits being generally of a very inferior kind, foreign species have been largely introduced and distributed. Thus the Peninsula, formerly an importer of fruits, is being converted into an exporter of them. The annual increase in the production of fruits of improved kinds is shown in the following table :

Year	Number of Trees			
	Pear	Apple	Grape	Chestnut
1913 ...	580,231	680,144	213,119	1,581,270
1914 ...	748,532	995,637	333,990	2,130,301
1915 ...	836,575	1,151,143	351,446	2,791,942
1916 ...	824,037	1,227,223	276,022	3,470,406
1917 ...	951,541	1,315,554	271,904	5,184,673
1918 ...	1,139,392	1,420,871	343,099	5,251,124

Year	Quantity of Crop			
	Pear Lbs.	Apple Lbs.	Grape Lbs.	Chestnut Lbs.
1913 ...	2,296,420	2,930,743	838,593	33,431,115
1914 ...	3,626,243	4,724,391	1,052,791	29,980,773
1915 ...	4,536,335	5,430,951	1,013,090	30,147,877
1916 ...	6,856,563	33,812,195	1,497,398	34,742,505
1917 ...	8,162,888	8,502,405	1,405,402	35,127,459
1918 ...	13,605,121	14,481,726	2,017,403	31,412,832

Laver Development of the Oriental Development Company :—Established in the days when Korea was still a Japanese protectorate, the nature of the company could not but undergo some change in consequence of the annexation. In short, its importance was diminished, and some went so far as to declare that its very *raison d'être* had disappeared. But the foolishness of this contention has been proved by the useful career the company has since led under altered conditions. In one of its principal aims, that is, the invitation

of Japanese farmers to the Peninsula, the company has not been very successful; perhaps it is as well that it has not succeeded in this for, now that every Korean is a Japanese subject, there is little use in introducing one from Japan, save that his presence among the Korean farmers might lead to improvement in their condition by the example set them of better farming. The result of this particular venture is seen in the following table :

Year	Applicants Accepted		Number of Successful Settlers		Lands Appropriated	Funds Advanced
	Families	Families	Families	Members	Acres	Yen
1910 ...	1,253	160	118	531	532	13,034
1911 ...	1,714	720	337	1,516	1,448	33,410
1912 ...	2,056	1,167	640	2,880	2,914	60,963
1913 ...	3,465	1,316	568	2,556	2,563	40,374
1914 ...	1,964	1,108	432	1,944	1,946	20,399
1915 ...	1,284	774	293	1,318	1,134	13,520
1916 ...	1,101	542	250	1,125	1,103	14,030
1917 ...	1,552	650	340	1,530	1,875	13,830
1918 ...	1,528	598	479	2,155	3,926	—
Total...	15,929	7,035	3,457	15,555	17,741	20,360

The great difference between the number of applicants and that of those accepted shows the strict care exercised by the company in the selection of immigrants in order to secure the best.

In other respects the company has generally done very well. Especially successful has it been in the work of irrigation and reclamation. Many a stretch of waste land hitherto lying idle on account of lack of irrigation has been converted into the best of farm land, and rented to Korean farmers or Japanese settlers. Its horticultural farm in Tuksum (蘆島) is perhaps only next to the Government horticultural garden in the same place in size as well as in perfection of equipment. In afforestation the company has obtained a lease from the Government of an area of no less than 75,187 acres, part of which has already been afforested and part is under way. As the supplier of agricultural funds it has also achieved signal success and rendered valu-

able service to agricultural development in general. Recently its capital, originally Yen 10,000,000, was doubled, its head office was removed from Seoul (京城) to Tokyo, and the scope both of the nature of its undertakings and of its fields of activity was greatly widened. It has come to partake of the nature of an underwriting company, and has already an active interest in quite a number of industrial companies in Chosen, Manchuria, and Japan. As in the case of the Bank of Chosen, Manchuria is becoming its principal field of investment.

CHAPTER II

DEVELOPMENT IN MINING, FORESTRY, AND FISHERY

MINING:—Mining development in general; Increase in number of mines; Increase in mining products in aggregate; Export of mineral products; Gold; Anthracite coal; Iron; Graphite; Copper; Zinc; Tungsten; Distribution of mineral deposits.

FORESTRY:—Introductory remarks; Progress of nursery gardens; Afforestation by Government; Afforestation by private persons; Progress in State land leased out for afforestation.

FISHERY:—Progress of various measures for improvement of fishery; Increase in fishing population; Increase in fishing products.

MINING

Mining Development in General:—The development in mining has already been described in Part I incidental to the description of the mining laws and of the various measures adopted for its development. As has already been observed, prior to the annexation mining in the Peninsula was for the most part conducted by Westerners, and gold was the only metal mined on a large scale. After the annexation, Japanese began to play an important part in Chosen's mining field, and, while the best and largest gold mines are owned by foreigners, most other minerals are now being mined by them. The Mitsui, Mitsubishi, Furukawa, and Fujita Companies made their way into the Peninsula, and mining enterprises on a large scale began to be set on foot in all parts of it. Indeed, the few years following the annexation formed a turning-point in the mining history of the Peninsula. Japanese miners followed by Japanese capital came and explored the country and vied with each

other in obtaining mining permits, some with the desire of working them, others without any such purpose but with the idea of speculating in the mining rights thus obtained. The Government took the policy of granting permits only to those who really desired to work them, a measure which inevitably called forth much adverse comment but nevertheless proved highly beneficial to the healthy development of the industry.

Increase in Number of Mines.—The number of permits thus granted annually is shown in the following table :

Year	Permits to			Total
	Japanese	Koreans	Foreigners	
1910	124	161	9	294
1911	190	207	5	402
1912	196	121	9	326
1913	207	135	10	352
1914	214	93	1	308
1915	205	157	18	380
1916	422	308	74	804
1917	763	461	—	1,224
1918	621	367	—	988

It is hardly necessary to point out that the sudden increase in the mining permits granted in and after 1916 was due to the mining boom consequent upon the European War. At the end of 1918 the total number of mining permits in force and mines in operation, with their respective acreage, were as follows :

	No. of Concession	Area
Mining permits given	3,204	1,070,437 acres
		361.2 miles*
Mines in operation	534	342,955 acres
		58.1 miles*

Remarks:—This table does not include four Government mines and Unsan Mine. * This represents the length of river beds for placer mining.

Thus it will be seen that, of the 3,204 mines covering an area of 1,070,437 acres for which permits were given, only

534 mines covering 342,955 acres, or less than 17 per cent. of the number of mines, and 32 per cent. of the aggregate area, are being worked.

Increase in Mining Products in Aggregate:—Mining products also made a corresponding increase as shown in the following table :

Year	Gold	Placer Gold	Gold and Silver Ore	Concentrates	Silver	Copper Ore	Coarse Copper including Gold and Silver
	1,000 ozs.	1,000 ozs.	1,000 lbs.	1,000 lbs.	1,000 ozs.	1,000 lbs.	1,000 lbs.
1910 ...	105	25	22,400	5,333	6	893	—
1911 ...	115	18	3,170	1,615	6	41	2
1912 ...	119	20	13,814	1,769	7	198	5
1913 ...	145	28	11,342	2,472	24	115	5
1914 ...	155	17	13,467	4,324	18	16	5
1915 ...	174	22	19,502	8,697	22	298	—
1916 ...	197	27	44,543	18,055	25	28,446	—
1917 ...	164	12	60,457	19,461	26	669	4,940
1918 ...	135	16	66,448	11,168	43	555	6,846

Year	Lead Ore	Coarse Lead	Zinc Ore	Tungsten Ore	Molybdenum Ore	Iron Ore	Pig-iron
	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 tons	1,000 lbs.
1910 ...	—	—	—	—	—	140	—
1911 ...	—	—	—	—	—	101	—
1912 ...	—	—	—	—	—	122	—
1913 ...	—	—	—	—	—	142	—
1914 ...	—	—	—	—	—	182	—
1915 ...	—	—	18,237	—	—	239	—
1916 ...	3,861	—	405	198	—	245	—
1917 ...	1,546	1,554	529	711	130	140	5
1918 ...	1,479	578	2,828	635	72	199	94,888

	Graphite	Coal	Kaolinite	Siliceous Sand	Other Minerals
	1,000 lbs.	1,000 tons	1,000 lbs.	1,000 lbs.	1,000 lbs.
1910 ...	17,603	78	—	—	—
1911 ...	16,521	121	—	—	8
1912 ...	22,805	128	—	—	—
1913 ...	27,120	128	—	—	298
1914 ...	14,414	183	—	—	107
1915 ...	12,079	229	—	—	413
1916 ...	17,335	191	—	—	1,240
1917 ...	19,485	195	1,736	43,028	12,334
1918 ...	15,523	188	4,134	39,338	14,439

Export of Mineral Products.—The above table gives but little idea as to the actual quantity of minerals the country produces, some of them being in the form of ores. A clearer idea is given by the table below showing the annual exportation of minerals, inasmuch as by far the greater part of the minerals produced by the country are exported to Japan, and there their value is determined by the Customs according to the metals, in the case of ores, actually contained in them. They are as follows :

Year	Gold	Silver	Gold Ore and Concentrate	Coarse Ore containing Gold and Silver	Coarse Copper
	Yen	Yen	Yen	Yen	Yen
1910 ...	8,833,609	178,746	517,431	—	—
1911 ...	9,099,796	34,467	234,891	—	—
1912 ...	9,141,29	32,129	274,938	—	—
1913 ...	9,961,515	24,899	392,400	—	—
1914 ...	9,664,267	10,948	569,713	—	—
1915 ...	11,366,587	4,627	929,619	259,792	—
1916 ...	15,623,797	31,136	1,044,440	3,880,200	—
1917 ...	9,630,824	14,890	785,186	5,160,913	3,068,402
1918 ...	6,021,402	2,260	1,683,732	3,868,274	3,887,761

	Iron Ore	Pig-iron	Zinc Ore	Tungsten Ore
	Yen	Yen	Yen	Yen
1910 ...	339,861	—	—	—
1911 ...	278,692	—	—	—
1912 ...	311,688	—	—	—
1913 ...	348,592	—	—	—
1914 ...	418,444	—	—	—
1915 ...	501,950	—	241,561	90,478
1916 ...	568,617	—	7,329	1,638,426
1917 ...	415,109	—	33,937	2,086,115
1918 ...	1,155,806	15,431,675	6,098	2,413,410

	Graphite	Coal	Other Metals	Total
	Yen	Yen	Yen	Yen
1910 ...	114,206	362,419	12,294	10,358,566
1911 ...	132,299	376,427	4,780	10,161,352
1912 ...	165,279	334,381	9,984	10,269,696
1913 ...	248,858	357,797	108,191	11,442,252
1914 ...	192,187	458,184	128,762	11,442,505
1915 ...	202,691	629,175	289,118	14,515,598
1916 ...	576,792	468,888	107,559	23,947,184
1917 ...	1,526,133	473,032	515,668	23,710,209
1918 ...	1,264,483	579,641	583,057	36,937,599

The principal minerals will now be dealt with a little more fully.

Gold.—Chosŏn alone produces nearly the half the total production of gold in the Japanese Empire. The highest output on record was Yen 15,471,545 in 1916, the last year unaffected by the deteriorating effect of the War on its production. Until that year the production was constantly on the increase, and was one of the largest items of export, being second only to rice.

It has already been observed how the two largest gold mines in the Peninsula, the Unsan (雲山金礦) and Suan Mines (遂安金礦), passed into alien hands. They are still the largest, and both are now worked by Americans. The latest report gives the output of the former at Yen 3,250,000 and that of the latter at Yen 3,730,000. The Changsung Mine (昌城金礦), worked by a French company, and the Chiksan Mine (稷山金礦), owned jointly by Japanese and Americans, came next with an annual output of Yen 850,000 and Yen 1,000,000 respectively. These large mines are provided with stamp-mills of the most advanced type, and some have a cyanide plant, while the Unsan Mine (雲山金礦) alone employs 2,000 hands. Smaller mines, both vein and placer, are mostly worked by Japanese and Koreans. Of late the famous Kuhara Firm has established a large smelter in Chinnampo (鎮南浦) where gold ores purchased by the firm are smelted. By the establishment of this smelter, not only have the small miners, lacking proper appliances, been greatly facilitated in their mining operation, but sulphide gold ores, in the reduction of which both the amalgamation and the cyanide process failed, can now be dealt with successfully.

Many gold mines have since been discovered, of which one in Koosung (龜城) worked by the well-known Furu-kawa Firm and the other in Naksan (樂山) worked by a Mr. Kobayashi are notable ones. The Government is now prospecting three mines at Sangju (尙州), Wiju (義州), and Shin-heung (新興), all of which have proved hopeful. The War has thrown a great obstacle in the way of gold mining

the world over, in the form of dearth in mining materials and labour, while the value of its production has remained the same, and Chosen has been no exception to this. But now that the War is over and the effects it has produced are disappearing one after another, not only is the recovery of its old prosperity merely a matter of the near future, but its progress after that is expected to be something extraordinary.

As a bank of issue, the preservation of gold is of vital importance to the Bank of Chosen. For that purpose the Bank is provided with a bullion department, and in ordinary years over 85 per cent. of the total gold output in the Peninsula is collected by it.

Anthracite Coal.:—This is found most plentifully in the neighbourhood of Pyengyang (平壤), along the Taidong River (大同江). The veins are about 32 miles in length and $7\frac{1}{2}$ miles in width, and the amount of coal they contain is estimated at something like 200,000,000 tons. The working of this important coal mine is conducted by the Government, which established as early as 1907 the Pyengyang (平壤) Coal Mining Station. Analysis shows that the coal contains volatile matter 7-20%, coke 70-90%, and ash 4-15%. Of the output of the mine 90 per cent. is sent to the Tokuyama Coal Briquet Factory of the Imperial Navy and is used by the Navy as a substitute for Cardiff coal. The annual production of the mine is as follows :

Year	Quantity of Output	Sold	
		Quantity	Value
	Tons	Tons	Yen
1913	118,393	94,598	815,830
1914	151,410	133,989	1,235,647
1915	188,078	167,012	1,538,681
1916	176,205	138,083	1,304,678
1917	154,145	120,061	1,297,256
1918	140,773	139,725	2,074,471

As the result of the Government prospecting started in 1911, a number of large anthracite coal beds have been

discovered, of which those at Kaichun (价川), Tukchun (德川), and Soonchun (順川) in South Pyung-an Province (平安南道), and at Samchuk (三陟) in Kangwon Province (江原道) are considered most hopeful.

Iron.—The principal iron mines in operation are the Kaichun Mine (价川鐵礦) worked by the Mitsui Mining Company, the Chairyung (載寧) and Whangju (黃州) Mines by the Mitsubishi Iron Foundry, the Chairyung (載寧) and Un-yul (殷栗) Mines by the Government, the Yiwon Mine (利原鐵鑛) by the Rigen Mining Company, and the Anak Mine (安岳鐵鑛) by the Asoh Mining Company. Deposits of iron are found in many other places, Sohsan (瑞山), Tanchun (端川), Samchuk (三陟), Kangnung (江陵), and Moosan (茂山) being the most notable ones. These are now being prospected. At present the Government mines produce the most, being the oldest, followed by those at Anak (安岳), Kaichun (价川), and Yiwon (利原), of which the Government mines and Anak (安岳) supply between them about 200,000 tons of iron annually to the Yawata Iron Foundry, while Kaichun (价川) and Yiwon (利原) supply between them about 40,000 tons to the Muroran Iron Foundry in Japan and 30,000 tons to an iron foundry in Manchuria. A large iron foundry is now being established at Kyumipo (兼二浦) by the Mitsubishi Firm, and a considerable increase in iron production is expected when this foundry, as well as the mines now in preparation, is in full working order. The great impetus given to the iron industry in Japan by the War and the bitter experience the country had in the shortage in the supply of the metal called the attention of many to the iron deposits in the Peninsula, and it is expected that their development will go far toward the solution of this much-discussed iron problem.

Graphite.—The graphite found in Chosen is classified according to the form of its ores into scaly, fibrous, foliated, and earthy. The first two varieties, which are considered the best, contain over 90 per cent. of carbon. These are mostly found in North Chosen, the principal mines being

those at Koosung (龜城), Chosan (楚山), Changsung (昌城), and Sakchu (朔州), while the other species, which are somewhat inferior in quality, are found in the south. The better kinds are mostly exported to Japan, while the inferior ones are sent to Europe and America. During the War its export to the latter countries suffered on account of the shortage of bottoms, but the ban put on the export of the metal in Ceylon called forth a new demand for it in America, and this, coupled with the Japanese demand consequent upon the rise of the steel industry in that country, made 1917 a record year for its export at Yen 1,520,000. But now that all these favourable circumstances have vanished, mining of it is on the decline, at least for the time being.

Copper :—Copper mining is still in its initial stage. Of the mines already known, Kapsan (甲山) in South Hamkyung Province (咸鏡南道), Changwon (昌原) in South Kyungsang Province (慶尙南道), and Hoochang (厚昌) in North Pyung-an Province (平安北道) are worth mentioning. Kapsan Mine (甲山銅鑛) was first owned by an American firm, the Collbran-Bostwick Development Company, but in 1916 was purchased by the Kuhara Mining Company. Work at this mine has already been started on quite an extensive scale, as a result of which 555,576 lbs. of crude copper was obtained in 1917.

Zinc :—Produced in combination with silver and lead, the existence of this metal was long ignored. The principal mines are one at Somindong (蘇民洞) in Yungbyun District (寧邊郡), North Pyung-an Province (平安北道), and the other at Kumduk (檢德) in Tanchun District (端川), South Hamkyung Province (咸鏡南道). Both these mines were known in early times as silver and lead mines, and the zinc they contained was thrown away. Somindong Mine (蘇民洞亞鉛鑛) is now being operated by the Fujita Mining Company but the other is not worked yet.

Tungsten :—The mining of this metal was started in 1915, when a heavy demand for it came from abroad on account of the War. The metal is spread over many

districts and the veins are generally very rich. Of the 40 mines already known Keunikang (金剛) Mine in Kangwon Province (江原道), Chungyang (靑陽) Mine in South Choongchung Province (忠清南道), and Nungdong (陵洞) Mine in North Choongchung Province (忠清北道) are the principal ones.

Besides the above-mentioned minerals, molybdenum, mercury, tin, asbestos, mica, talc, jade, marble, kaolinite, and siliceous sand are found in the Peninsula in varying quantities.

Distribution of Mineral Deposits:—The distribution of deposits according to the minerals present in the different provinces is as follows:

Gold and Silver: Kyungki (京畿道), North and South Choongchung (忠清南北道), North and South Chulla (全羅南北道), North and South Kyungsang (慶尙南北道), Whanghai (黃海道), North and South Pyung-an (平安南北道), and South Hamkyung Provinces (咸鏡南道).

Iron: Whanghai (黃海道), South Pyung-an (平安南道), Kangwon (江原道), and North and South Hamkyung Provinces (咸鏡南北道).

Anthracite Coal: South Pyung-an (平安南道), and Kangwon Provinces (江原道).

Copper: South Kyungsang (慶尙南道), and North and South Hamkyung Provinces (咸鏡南北道).

Lead and Zinc: North and South Pyung-an (平安南北道), and South Hamkyung Provinces (咸鏡南道).

Graphite: North Pyung-an (平安北道), North and South Choongchung (忠清南北道), North Kyungsang (慶尙北道), Kangwon (江原道), and South Hamkyung Provinces (咸鏡南道).

Pyrites: Whanghai (黃海道), North Pyung-an (平安北道), and South Hamkyung Provinces (咸鏡南道).

Brown Coal: South Pyung-an Province (平安南道) and along the eastern coast of the Peninsula.

Tungsten: Kangwon (江原道), and North and South Choongchung Provinces (忠清南北道).

Chromium: Found with tungsten.

Mica and Jade: South Hamkyung Province (咸鏡南道).

Kaolinite: North Kyungsang Province (慶尙北道).

Siliceous Sand: South Chulla Province (全羅南道).

FORESTRY

Introductory Remarks :—As we have remarked before, many weary years must pass by before any substantial result comes of the efforts exerted towards reforesting this country. So far as the mere sight is concerned, it has been much improved by the verdure already presented in season by the young trees planted some years ago, but nothing of value is obtained from them yet, save perhaps for the dry leaves with which the poorer people feed their fires for heating the stone floors of their cottages or for cooking their food. What we undertake here to relate will of necessity, therefore, be confined to the progress of that afforesting work started early under the new régime, and followed with unabated earnestness all these years by the authorities concerned and others interested in it.

Progress of Nursery Gardens :—The nursery gardens, which were started in 1907 by establishing three of them in Suwon (水原), Pyengyang (平壤), and Taiku (大邱) respectively, have gradually increased in number, so that at the end of 1918 there were just one hundred of them in the Peninsula. Some of them are supported by the State, some by the Provinces, and some with the Imperial Donation Funds. Their growth is shown in the following table :

Year					Maintained by the State		Maintained by Local Governments	
					No. of Stations	Area Acres	No. of Stations	Area Acres
1910	...	...	...	...	6	146	5	12
1911	...	...	...	...	14	246	76	111
1912	...	...	...	...	2	62	260	358
1913	...	...	...	...	1	43	76	391
1914	...	...	...	...	1	43	80	402
1915	...	...	...	...	5	83	88	474
1916	...	...	...	...	5	80	78	486
1917	...	...	...	...	5	80	78	486
1918	...	...	...	...	5	91	68	407

Year					Maintained by Imperial Donation Funds		Total	
					No. of Stations	Area Acres	No. of Stations	Area Acres
1910	...	...	...	...	—	—	11	158
1911	...	...	...	...	44	79	134	436
1912	...	...	...	...	48	109	310	529
1913	...	...	...	...	42	101	119	535
1914	...	...	...	...	41	99	122	544
1915	...	...	...	...	40	116	133	673
1916	...	...	...	...	43	98	126	664
1917	...	...	...	...	43	98	126	664
1918	...	...	...	...	27	36	100	534

Afforestation by Government:—This has progressed uninterruptedly since 1907 when afforestation was first undertaken by the Government. An area of 7,880 acres has since been afforested at State expense, and 17,738 acres by local expenditure, the latter commencing in the year 1911. The annual progress of the work is shown in the following table :

Year	By the State		By Local Governments		Total	
	Number		Number		Number	
	Area	of Trees	Area	of Trees	Area	of Trees
	Acres	Thousand	Acres	Thousand	Acres	Thousand
1907-9	791	2,066	—	—	791	2,066
1910	1,304	876	—	—	1,304	876
1911	235	778	12	15	247	793
1912	1,336	1,189	270	398	1,606	1,587
1913	275	1,015	1,328	896	1,603	1,911
1914	330	1,378	1,478	1,193	1,808	2,571
1915	449	1,520	1,342	1,333	1,791	2,853
1916	555	1,811	2,066	1,257	2,621	3,068
1917	938	2,029	4,758	1,771	5,696	3,800
1918	1,667	342	6,484	1,331	8,151	1,673
Total	7,880	13,004	17,738	8,194	25,618	21,198

Steps have also been taken to help young plants of wild growth where they are found in plenty, supplementing them with new plants where necessary. The area so cared for amounted to 5,624 acres in 1918.

Afforestation by Private Persons:—The general awakening of interest in afforestation gave birth to many private enterprises in that line. Afforestation on a large scale has been started by the Chosen Nobles Afforestating Association, the Oriental Development Company, the School Association in Fusan (釜山), the Mitsui Company, Nakamura & Co., the Kawasaki Plantation, and Mr. Sumitomo. Many other Japanese and Koreans, as individuals or in company, have also taken up this work of rejuvenating the country, so that the aggregate number of young trees planted during 1917 amounted very nearly to 100 million covering an area of 71,224 acres, whereas those planted during the year of annexation fell far short of 3 million. To facilitate those interested in the work, the Government has published a guide showing how the State land is leased out for afforestation purpose, and another giving general instructions for afforestation.

Progress in State Land leased out for Afforestation :—

The provisions of the new forestry law to the effect that State forest lands may be leased out for the purpose of afforestation, and that the lands thus leased may be transferred gratis to the successful forest makers, have led many to apply for this privilege with the result shown below :

Year								No. of Forest Lands Leased	Area Acres
1910	...	...	...	...	...	...	...	14	2,085
1911	...	...	...	...	...	...	...	56	2,500
1912	...	...	...	...	...	...	...	3,132	31,154
1913	...	...	...	...	...	...	...	8,093	107,991
1914	...	...	...	...	...	...	...	7,449	238,561
1915	...	...	...	...	...	...	...	9,046	118,369
1916	...	...	...	...	...	...	...	6,591	148,989
1917	...	...	...	...	...	...	...	2,846	184,581
1918	...	...	...	...	...	...	...	1,118	240,443

FISHERY

*Progress of Various Measures for Improvement of Fishery :—*Various measures have been taken to develop fishery in the Peninsula, of which the principal ones are : the perfection of the fishery laws, improvement in fishing boats, nets, and methods, instruction of the fishermen themselves in advanced knowledge of fishing, extension of facilities for the sale of fishing products and the opening-up of new markets for them, artificial culture of certain kinds of fish and sea-weeds, creation of shelter basins, etc.

Some of these measures have already been described in Part I, but there remain others which were omitted on account of their later introduction. The law has remained unchanged since it was promulgated in 1911, and has contributed much to the welfare of the fishing community. The fishing associations to which the new law gave birth, with the purpose of promoting the mutual interests of the members, numbered 59 at the end of 1917. Havens for fishing boats have been created at Uchungdo (於青島) in North Chulla Province (全羅北道), Kangkoohang (江口港) in North Kyungsang Province (慶尙北道), Mileukdo

(彌勤島) in South Kyungsang Province (慶尙南道), Chunglajin (汀羅津) in Kangwon Province (江原道), and Pyuldohang (別刀港) and Choochado (楸子島) in South Chulla Province (全羅南道). A system of inspection has been instituted for the fishing products prepared in the country, so that, in case they are exported to Japan for re-exportation, they need not be subjected to inspection there again. Steps have also been taken to establish uniformity in such products so that they may be exported direct to foreign countries without passing through Japan for reassortment. The system of investigation into the fishery products of the Peninsula has further been perfected. It has been divided into three sections. One section is engaged in investigation as to the distribution of marine products, their movements, reproduction, and season of visits, and the suitability of certain fishing gear and methods. It is further engaged in the examination of the sea-bottom by making use of divers to ascertain what marine wealth it contains. Another section is chiefly devoted to the preparation of fishing products, such as salting and drying, and the finding of markets for such products. Efforts are now being made to introduce them into China. This section has also established cold storages in three fishing centres, viz., Chemulpo (仁川), Kunsan (群山), and Fusan (釜山), so that the plentiful summer catch may be held over to winter when it commands a much higher price. The third section is engaged in the artificial culture of fish. A hatchery has been built in Kowon District (高原郡), South Hamkyung Province (咸鏡南道), and millions of young salmon hatched there are annually set free in the neighbouring seas. Another at Chunwhasan (穿火山) in South Kyungsang Province (慶尙南道) is devoted to the hatching of fresh-water fish, such as trout and carp, and still another is being built at Kangjin Bay (康津灣) in South Chulla Province (全羅南道).

*Increase in Fishing * Population*.:—As the result of these measures those engaging in the work have considerably increased in number, as shown in the following table :

Year	No. of Fishing Boats			Number of Fishers		
	Japanese	Korean	Total	Japanese	Korean	Total
1910 ...	3,960	12,749	16,709	16,500	76,900	93,400
1911 ...	5,029	10,833	15,862	20,723	118,920	139,643
1912 ...	5,653	10,502	16,155	22,488	160,809	183,297
1913 ...	12,059	18,570	30,629	49,646	114,160	163,806
1914 ...	11,135	22,154	33,293	48,451	177,791	226,242
1915 ...	11,995	30,187	42,182	54,772	261,213	315,985
1916 ...	10,621	34,627	45,248	63,186	216,295	279,481
1917 ...	11,897	45,892	57,789	70,184	247,139	317,323
1918 ...	14,118	39,000	53,118	74,349	272,077	346,349

Year	Value of Catch			Average			
	Japanese Yen	Korean Yen	Total Yen	Per boat		Per man	
				Japanese Yen	Korean Yen	Japanese Yen	Korean Yen
1910 ...	3,942,650	3,929,260	7,871,910	996	308	239	51
1911 ...	4,714,562	4,320,883	9,035,445	937	399	228	36
1912 ...	6,629,981	5,989,375	12,619,356	1,173	370	295	37
1913 ...	6,001,232	5,055,051	11,056,283	498	272	121	44
1914 ...	6,449,226	5,615,459	12,064,685	579	253	133	32
1915 ...	6,869,272	6,365,669	13,234,941	573	211	125	24
1916 ...	7,994,940	7,960,982	15,955,922	753	230	127	37
1917 ...	11,152,700	9,760,592	20,913,292	937	213	159	39
1918 ...	18,193,334	14,670,058	32,863,402	1,289	376	245	54

Increase in Fishing Products :—The fishing products, in which sea-weeds are included for convenience' sake, have also increased as shown in the following table :

Year	Value of			Total
	catch		Value of pre- pared article	
	Yen		Yen	Yen
1910	7,871,910	—	7,871,910
1911	9,035,445	—	9,035,445
1912	12,619,356	4,606,391	17,225,747
1913	11,056,283	5,440,444	16,496,727
1914	12,064,685	6,864,196	18,928,881
1915	13,234,941	7,795,246	21,030,187
1916	15,955,922	9,781,853	25,737,775
1917	20,913,292	13,247,078	34,160,370
1918	32,863,402	19,115,920	51,979,322

The principal products are sardines, *guchi*, pollack, herring, *sawara*, sea-bream, mackerel, cod, etc. In the

following table only those amounting in value to over Yen 100,000 according to the statistics for 1917 are given.

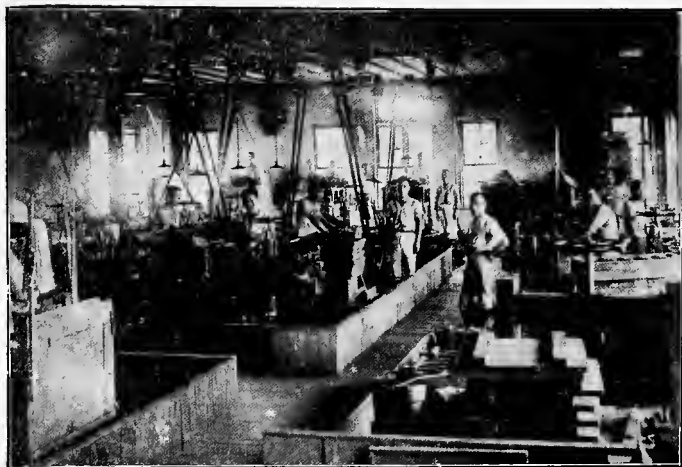
	Quantity 1,000 Lbs.	Value 1,000 Yen
Sardine	147,342	2,511
Mackerel	68,116	2,301
Pollack	198,703	1,594
<i>Guchi</i> (fish)	39,808	1,572
Herring	41,176	1,281
<i>Sawara</i> (<i>Cybtum niphotum</i>)	9,156	1,011
Cod	68,544	941
Sea-bream	6,029	798
Whale	225 head	548
Hair-tail	10,197	510
Lobster	24,721	471
<i>Wakame</i> (<i>Undaria pinnatifida</i>)	10,318	442
Trepang	5,685	394
Grey mullet	3,736	334
<i>Funori</i> (<i>Gloiopeltis furcata</i>)	2,874	333
<i>Nibe</i> (<i>Sciaena albiflorid</i>)	5,845	310
Turbot	8,545	306
Sea-eel	6,395	270
Horse mackerel	4,771	267
Flatfish	7,700	232
Cuttlefish	2,007	227
Sting-ray	5,814	223
<i>Tengusa</i> (<i>Gelidium amansii</i>)	2,409	213
Shark	5,720	200
Ear-shell	1,800	168
Yellow-tail	2,035	153
<i>Tairagi</i> (shell fish)	8,098	146
<i>Igai</i> (<i>Mytilus</i>)	4,973	143
Octopus	2,580	134
Sea-bass	1,694	126
Sand-eel	2,762	125
Oyster	2,248	118
<i>Kajime</i> (Sea-weed)	5,969	116
Eel	911	115
Crab	3,686	108
Laver	1,046	107
Gunard	2,905	104

CHAPTER III

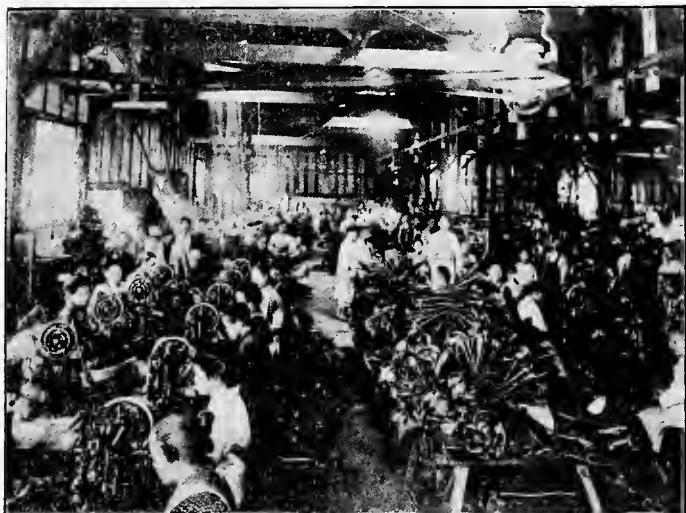
DEVELOPMENT OF MANUFACTURING INDUSTRY

Special feature of Korean manufactures ; Growth of factory system ; Korean manufactures classified ; Native industries ; New industries ; Government enterprises.

Special Feature of Korean Manufactures :— The policy and measures adopted for the development of Korean manufactures have already been described in Part I. It has also been observed that her manufactures were mostly of a very crude nature, some being hardly worthy of the name, requiring neither a large capital nor great technical skill. This state of affairs will continue for a considerable time yet, seeing that the articles requiring either or both of these for their manufacture can be imported from Japan with advantage, unless there are special reasons in favour of their being made here. Hence the works that came into being in earlier days were for the most part connected with rice-cleaning, smelting of ores, cotton ginning, preparation of tobacco, brewing, and the production of salt. To some of these one would grudge the name of manufactures, as being simply a process in the preparation of raw materials, but they may be termed manufactures in that they are carried on in distinct mills or factories, by persons who are not producers, and are conducted more or less on the lines of the modern factory system. Even these rough kinds of manufacture, however, present plenty of scope for development, since, for example most minerals are exported in the form of ores whereas, if smelted here, a large part of their freight could profitably be saved. In short, the manufacturing industry of Chosen is only just out of its primitive stage,



Tobacco factory, Seoul (京城)



Tannery near Seoul (京城), (Shoe-making Department)

and we must look to the future for its great development.

Growth of Factory System:—As in the case of most new countries, of which Chosen is one when speaking economically, a feature in the economic progress of the Peninsula is the passing over of many of the intermediate stages through which one system has developed into another in older countries. Rapid as the progress of Japan has been, it has not been half so sudden as in the case of Chosen. For instance, in the silk industry, many stages were passed through in Japan before it reached the present factory system. The domestic system was long in vogue there, during which many homes were provided with hand-reeling machines, and the cocoons they produced were made into silk before appearing on the market, or else the cocoons to be reeled were given out by entrepreneurs to their employees who did the work in their own homes. But in Chosen, all such intermediate stages have been skipped over. It is but a few years ago since cocoons began to figure in the list of exports, and already we have here silk factories as well equipped as any in Japan, though on a very small scale. Thus many processes for preparing raw materials which are performed in individual homes in Japan are done in Chosen in factories, with the result that factories have increased very rapidly in recent years, as shown in the following table :

Year	Number of Factories	Capital Yen	Motive Power		Value of Products Yen
			Number of Engines	Horse Power	
1911	252	10,613,830	148	6,058	19,639,655
1912	328	13,121,481	205	8,069	29,362,307
1913	532	17,478,146	319	9,908	36,066,172
1914	654	17,371,832	319	13,278	32,754,797
1915	782	21,113,607	405	16,252	45,931,133
1916	1,075	24,613,500	459	17,460	59,026,639
1917	1,358	39,038,966	619	26,170	98,972,187
1918	1,700	48,309,485	714	26,151	156,801,630

Thus it is seen that during the past seven years the number of factories has increased by more than 575 per cent., capital by about 355 per cent., and the value of production by 698 per cent.

Korean Manufactures Classified :—The following table gives the various kinds of manufactures, the number of factories for each, the amount of capital invested, and their production according to the statistics for 1917, also the nationalities of those engaged in their manufacture.

	Nationality of Owners	No. of Factories	Capital	Value of Products
			Yen	Yen
Dyeing and Weaving...	{ Japanese ...	15	99,750	117,539
	{ Koreans ...	68	221,390	511,975
	{ Total ...	83	321,140	629,514
Spinning	Japanese ...	2	43,000	40,125
Cotton ginning	{ Japanese ...	19	6,752,239	6,073,075
	{ Koreans ...	2	15,000	100,098
	{ Total ...	21	6,767,239	6,143,173
Pulp	Japanese ...	1	?	129,600
Paper	{ Japanese ...	3	15, 00	14,516
	{ Koreans ...	51	15,886	58,022
	{ Total ...	54	30,886	72,538
Tanning... ..	{ Japanese ...	8	1,991,036	3,531,663
	{ Koreans ...	37	52,900	229,193
	{ Total ...	45	2,043,936	3,760,802
Ceramics	{ Japanese ...	67	506,500	631,944
	{ Koreans ...	115	137,720	169,350
	{ Total ...	182	644,220	801,294
Soap	Japanese ...	10	117,700	169,178
Candles	Japanese ...	4	29,500	301,000
Matches	Japanese ...	1	7,000	30,000
Dye-stuffs	Japanese ...	1	40,000	98,437
Artificial manures ...	Japanese ...	4	280,000	165,012
Metal ware	{ Japanese ...	57	279,270	1 590,729
	{ Koreans ...	106	202,250	378,695
	{ Total ...	163	481,520	1,969,424
Carpentry	{ Japanese ...	14	81,510	102,636
	{ Koreans ...	19	32,867	76,656
	{ Total ...	33	114,377	179,292
Lumber	Japanese ...	16	396,000	1,130,195
Shipbuilding... ..	Japanese ...	8	54,500	90,779
Rice-cleaning	{ Japanese ...	143	3,549,766	41,517,861
	{ Koreans ...	154	546,420	5,855,153
	{ Total ...	297	4,096,186	47,373,014

			Nationality of Owners	No. of Factories	Capital Yen	Value of Products Yen
Flour milling	...	...	{ Japanese ...	9	133,140	168,052
			{ Chinese ...	1	500	4,500
			{ Total ...	10	133,640	172,562
Tobacco	...	...	{ Japanese ...	21	2,214,413	6,016,332
			{ Koreans ...	5	211,880	539,627
			{ Total ...	26	2,426,293	6,555,959
Brewing	...	...	{ Japanese ...	108	1,968,485	1,835,318
			{ Koreans ...	6	101,000	97,216
			{ Chinese ...	3	23,000	53,363
			{ Total ...	117	2,092,485	1,985,897
Salt...	...	...	Japanese ...	15	398,150	676,773
Canning ...	...	...	Japanese ...	23	301,631	450,543
Printing	...	...	{ Japanese ...	59	617,965	1,400,014
			{ Koreans ...	11	103,110	65,540
			{ Total ...	70	721,075	1,465,560
Tailoring	...	...	{ Japanese ...	12	91,050	341,950
			{ Koreans ...	22	214,150	248,528
			{ Total ...	34	305,200	590,478
Smelting of ores ...	...	...	{ Japanese ...	26	8,832,555	14,801,381
			{ Koreans ...	2	15,000	10,330
			{ Foreigners..	7	2,207,582	5,975,230
			{ Total ...	35	11,055,137	20,786,941
Gas and electricity	...	...	{ Japanese ...	17	4,402,548	2,176,297
			{ Jap. & Kor.	3	384,733	134,769
			{ Foreigners..	1	850,000	14,442
			{ Total ...	21	5,637,281	2,325,508
Others	...	...	{ Japanese ...	73	457,650	800,626
			{ Koreans ...	7	13,220	23,418
			{ Jap. & Kor.	1	25,000	22,000
			{ Chinese ...	1	5,000	2,545
			{ Total ...	82	500,870	848,589
Total	...	...	{ Japanese ...	736	33,660,358	84,401,585
			{ Koreans ...	605	1,882,793	8,363,753
			{ Jap. & Kor.	4	409,733	156,769
			{ Chinese ...	5	28,500	60,408
			{ Foreigners..	8	3,057,582	5,989,672
			{ Total ...	1,358	39,038,966	98,972,187

It will be seen from the above table that, in the amount of capital invested, the smelting of ores occupies the foremost place with Yen 11,055,137, and is followed by cotton

ginning with Yen 6,767,239, and by gas and electricity, rice-cleaning, tobacco manufacturing, brewing, and tanning in order, while as regards nationalities Japanese play by far the most important part, providing 86 per cent. of the capital and turning out 85 per cent. of the total value of production. The inactivity of the natives in the manufacturing field is regrettable, but they, too, are awakening, and it will not be long before they figure very largely in this new phase of economic activity.

Native Industries :—Of the native industries, in which the Koreans made considerable progress at one time, what now remain are weaving, ceramics, paper-making, brewing, metal working, and a few others. The weaving of cotton is mostly carried on by the country women at home, yet its production during 1917 is estimated to have reached 3,400,000 pieces (76,613,000 yards). Recently small factories have sprung up for the carrying on of this work on a larger scale. Silk weaving is also carried on in some localities, but its annual production hardly exceeds 210,000 pieces (4,732,000 yards). Hemp-weaving is only next in importance to that of cotton, and its annual production is considered to be about 2,600,000 pieces. The statistics for 1916 show that the total production of cotton tissue in that year amounted to Yen 3,630,000 in value, that of hemp cloth to Yen 3,670,000, that of silk to Yen 740,000, and that of mixed tissue to Yen 60,000. The art of ceramics in which the Koreans once exhibited great skill has long died out. But the revival of this lost art seems dawning, as is shown by the fact that some Koreans have already established factories on a fairly large scale for this purpose, of which the most noted is the Pyengyang (平壤) Porcelain Factory. The report for 1916 puts the total production of earthenwares, porcelain, and unglazed pottery in that year at Yen 850,000, glass wares at Yen 70,000, earthen pipes and bricks at Yen 640,000, and lime at Yen 60,000. The manufacture of native paper has survived modern mills, the Korean paper having a peculiarity of its own which the primitive method they employ alone can

give. The annual production amounts to Yen 1,500,000 of which about Yen 100,000 is exported to China. Metal working has been extensively conducted in Korea since very early times, brass utensils being very largely used in the Korean household. They still exhibit considerable skill in this art. Brewing is also extensively carried on and the total quantity of liquors produced is estimated at about 40,000,000 gallons. Among other native industries, the manufacture of *wangol* (莞骨) goods is very promising, the *wangol* (莞骨) being a kind of reed peculiar to Chosen, growing in marshy places, with which the farmers made matting from early times. Of late, various articles, baskets, hats, and fancy goods, are being made of it, and in 1916 the total production amounted to Yen 490,000 in value. On the whole, it may be said that the native arts and industries are being fostered with the utmost care and have made some progress. But the real progress is seen in the new type of manufacture introduced by the Japanese and conducted on the factory system of which a brief description is given below.

New Industries :—A feature of the new industry is, as we have observed before, its being conducted according to the factory system, and that its products are intended rather for export than for home consumption. The great majority of the Korean people, considerably advanced as they are in their standard of living as compared with some years ago, need but few things besides what they make by their own hands, and the Japanese and foreigners in the land are yet too few to need to retain much for their own use. The result is that a great part of what is produced by the new industry, as we call it, is exported abroad. There are, of course, some exceptions, the notable one being tobacco, the greater part of which article is consumed in the country. Yet, even in this case, the export of cigarettes to China is increasing yearly. Another feature is that it is almost exclusively undertaken by Japanese. A glance at the foregoing table of Korean manufactures classified will convince the reader of this fact. This is but natural, seeing that the Japanese

are the richer and more enterprising of the two predominating populations of the country, and especially in view of the fact that the destination of the articles manufactured is mostly Japan.

The more important of these new industries are listed in the same table quoted above, the principal ones being smelting of ores, cotton ginning, gas and electricity, rice-cleaning, tobacco manufacture, brewing, tanning, salt manufacture, etc. There are still others which do not appear in the list at all, or, if they do appear, the figures relative thereto are very insignificant, and yet they are of paramount importance on account of the great future they are considered to have in store. These are the manufacture of flour, sugar, pulp, cement, porcelain, and matches, and spinning.

Below we give a general survey of the manufacturing enterprises in the Peninsula.

Iron works on an extensive scale have just been founded in the Peninsula by the Mitsubishi Firm at Kyumipo (兼二浦) in Whanghai Province (黃海道). When completed it is estimated the foundry will produce 100,000 tons of pig-iron, 62,000 tons of ingot-iron, and 73,000 tons of iron plates, bars, etc., together with a large amount of by-products. The supply of ores to the foundry is to be drawn from the company's own mines, 6 in number and covering an area of 10,000,000 *tsubo* (8,169 acres) altogether, and from other mines in the neighbourhood. These and other works in this line are considered to be highly promising on account of the plentiful supply of materials. The manufacture of pulp was begun some six years ago by a Japanese who made use of reeds as material, but it is only recently that public attention has been called to this important industry by the establishment of a large joint-stock company in Shinwiju (新義州) with a capital of Yen 5,000,000. The famous Yalu (鴨綠江) timber will be made use of as material, and when the factory is in working order it is expected to turn out about 30 tons of pulp daily; or about 10,000 tons a year. The growth in the manufacture of pulp will, it is considered, further



Mitsubishi Iron Foundry at Kyumipo (兼二浦)



Smelting furnace at the above foundry

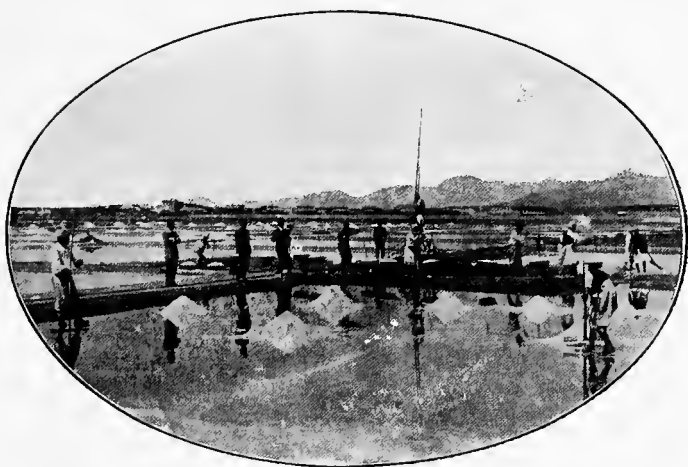
encourage the manufacture of paper, for which the country has been famous from of old. Tanning is considered one of the most hopeful industries in Chosen on account of the presence of hides of excellent quality in large numbers. One large tanning company was established in 1911 at Yung-dung-po (永登浦) with a capital of Yen 1,000,000, and this has since been engaged in the making of leather belting, sole-leather, harness leather, box calf, etc., by the process of oak and chrome tanning. The company received large orders for military boots and cartridge pouches from the Russian Government during the European War, which at one time amounted to quite considerable figures. Cotton spinning and silk manufacture have also a good prospect because of the increase in cotton growing and in sericulture. Great hope is also entertained as to the future of the tobacco industry since the annual consumption of tobacco in the Peninsula amounts to Yen 6,000,000. The largest tobacco factory is the Toa Tobacco Factory in Seoul (京城) with branch factories in Pyengyang (平壤) and Chunju (全州). The output of this company has not only succeeded in ousting the imported cigarettes from Japan and Shanghai (上海), which until quite recently monopolized the Korean markets, but is exported in goodly amounts to Manchuria. The manufacture of sugar is also considered very hopeful. Experiments have shown that the sugar-beet grows excellently in Chosen, and an attempt at the establishment of a sugar factory was made in 1912, which, however, failed to be carried through. Recently a large sugar factory has been established in Pyengyang (平壤) with a capital of Yen 5,000,000 by Japanese and Koreans jointly. If it succeeds, Chosen will have another important branch added to her industry. Enterprises of various other kinds, notably in chemicals, are being contemplated, some are under promotion, and some are already organized. Such are the manufacture of soda, for which the cheap Korean salt obtained by the process of spontaneous evaporation is available as material, the manufacture of oils and fats for which the country furnishes plenty of material in the form

of fish and vegetable oils, of pottery by making use of the abundant kaolinite found in the Peninsula, and of glass, in the making of which the native siliceous sand is to be used.

Government Enterprises :—The Government of Chosen conducts several industrial enterprises such as the manufacture of briquets by the Pyengyang (平壤) Coal Mining Station, the saw mill attached to the Lumber Station in Shinwiju (新義州), printing at the Printing Bureau in Yongsan (龍山), and the manufacture of salt by the Salt-Manufacturing Station at Kwangyangman (廣梁灣) and Chooan (朱安). Of these, the first two items have already been touched upon in the preceding chapter under the headings of mining and forestry respectively. Printing, the third, is too trivial in character to be dealt with at any length in such a work as this. Suffice it to say that, besides the Government documents largely printed by the Bureau, the Bank of Chosen notes, circulating at this time to the amount of over Yen 150,000,000 in Chosen and Manchuria, are also printed by it. The fourth, that is the manufacture of salt, needs some description because of its being one of the principal items of the manufacturing industry of Chosen.

The Government salt-pans for natural evaporation at Kwangyangman (廣梁灣) and Chooan (朱安), covering in all 2,526 acres, were completed in 1913 and have ever since been supplying the Peninsula with this much needed commodity. The following table gives the area of the basins, their yield, and the receipts during the last nine years.

Year	Area of Salt Basins			Quantity Produced	Quantity Sold	Value
	Acres			Pounds	Pounds	Yen
1910	219	1,317,804	1,357,758	4,606
1911	1,415	5,966,390	3,477,249	18,382
1912	2,334	19,818,118	14,977,687	73,758
1913	2,526	56,201,622	20,783,937	63,104
1914	2,526	64,457,793	48,222,928	104,171
1915	2,526	68,581,186	69,679,614	222,868
1916	2,526	94,414,550	58,678,008	197,706
1917	2,528	117,182,683	?	?
1918	2,528	102,396,141	?	?



Salt-pans at Kwangyang Bay (廣梁灣)

It is to be noted that, in spite of the progress made by the Government salt-pans, they are hardly yet in a position to supply even half the demand for salt in the Peninsula, which demand is rapidly growing, making it necessary to import a great amount of foreign salt. The total amount of imported salt in the fiscal year 1918 reached over 376,425,000 pounds, valued at Yen 1,502,000, which shows an increase of 84,092,478 pounds, valued at about Yen 500,000, over the preceding year. Among the different kinds of imported salt, Chinese evaporated salt coming from Shantung (山東) led the rest in 1918, amounting to 328,367,552 pounds in quantity.

CHAPTER IV

DEVELOPMENT OF COMMERCE AND TRADE

Growth of commercial towns; Extension of commercial sphere;
Growth and multiplication of business corporations; Trade
expansion; Details of export trade; Details of import trade;
Balance of trade; Trade relation with foreign countries;
General tendency of export and import articles.

Growth of Commercial Towns :—Our readers have already been made acquainted with the way in which commerce, once confined to the treaty ports and a few of the larger cities, came to invade the smaller towns in the interior. This process of commercialization of the country has been at work ever since, so that there are now few places in the Peninsula where commerce in its more or less modern sense does not exist. It seems, however, that the Koreans are one of the least commercial peoples in the world, at least they seem so at present for, while some towns are quite alive commercially, the greater part of the business is conducted by the handful of Japanese residing there, so much so that the number of Japanese resident in a place serves as a barometer of the commercial activity of the town. This state of things will doubtless disappear when the rising generations, educated in modern schools and brought up in the business atmosphere pervading the country, come to conduct the affairs of their fathers. Below is given a list of the chief commercial towns, some of which were not so long ago mere hamlets or fishing villages, but turned of late into small yet thriving business centres, with Japanese, Korean, and foreign populations, according to the statistics for 1917.

TRANSFORMATION OF SEOUL (京城)



Street outside South Gate in 1895



Same street as it appears at present

Town	Japanese	Koreans	Foreign- ers	Total	Jap. Pop- ulation per Thousand
Seoul (京城) ...	66,565	184,502	2,087	253,154	263
Fusan (釜山) ...	27,726	33,578	202	61,501	451
Chemulpo (仁川) ...	11,725	19,266	1,301	32,292	363
Pyengyang (平壤) ...	11,609	45,577	692	57,878	201
Taiku (大邱) ...	11,557	27,016	143	38,716	299
Wonsan (元山) ...	7,365	16,187	431	23,983	307
Chinnampo (鎮南浦) ...	6,372	18,553	324	25,249	252
Mokpo (木浦) ...	5,734	9,037	122	14,893	385
Kunsan (群山) ...	5,651	5,878	150	11,689	484
Taijun (太田) ...	5,080	1,813	63	6,956	730
Masan (馬山) ...	4,25	11,450	46	15,721	269
Chungjin (清津) ...	3,858	5,001	194	9,053	425
Shinwiju (新義州) ...	3,234	2,842	1,943	8,019	403
Chunju (全州) ...	3,166	11,090	74	14,330	221
Ranam (羅南) ...	3,034	2,195	115	5,344	568
Kwangju (光州) ...	2,688	8,192	25	10,905	246
Hamheung (咸興) ...	2,646	14,365	49	17,060	155
Tongyung (統營) ...	2,216	11,399	27	13,642	162
Chinju (晉州) ...	1,823	9,045	26	10,894	167
Chungju (淸州) ...	1,756	3,861	128	5,745	306
Kyumipo (兼二浦) ...	1,727	3,294	229	5,250	329
Kangkyung (江景) ...	1,719	4,329	159	6,207	277
Pohang (浦項) ...	1,543	2,943	20	4,606	357
Haiju (海州) ...	1,507	13,137	36	14,680	103
Hoilyong (會寧) ...	1,496	5,521	74	7,091	211
Kongju (公州) ...	1,426	5,307	132	6,865	208
Kimchun (金泉) ...	1,387	6,524	67	7,978	174
Kaisung (開城) ...	1,205	37,636	68	38,909	31
Tongnai (東萊) ...	604	15,283	—	15,887	38

*Extension of Commercial Sphere :—*We have previously spoken of the excellent position the peninsula of Chosen has in its commercial relation with other countries in the Far East. It sits, as it were, surrounded by Japan to the east, Manchuria and Siberia to the north, and China to the west. Its trade and commerce can be pushed in any direction it pleases with the minimum of trouble and the maximum of advantage, once the country is developed industrially and commercially enough to do so. To this geographical advantage must now be added its excellent communication services and banking facilities, and, as far as Japan and Manchuria are concerned, its common currency, for it should be remembered that the Bank of Chosen notes

are the same to all intents and purposes as the Bank of Japan notes, also that they are now recognized as legal tender in the Leased Territory and the Railway Zone in Manchuria. The advantage has long been made use of by the Bank of Chosen, whose operations, originally confined to the Peninsula, have been extended to Japan, Manchuria, China, and Russia. Nor have the traders been slow to follow this example. Many large firms in Chosen have found it profitable to maintain branches in the neighbouring countries, and between Japan, Chosen, and Manchuria at least, the tendency to form a large economic community in a broad sense is growing. In a word, the commercial sphere of Chosen, thanks to the excellent position of the country which is undoubtedly one of its greatest commercial assets, has been extended rather unduly if its economic strength alone is taken into account.

Growth and Multiplication of Business Corporations:—

Strange to say, while, at the beginning of the new régime, new enterprises in any form were given encouragement, restrictive rather than encouraging measures were adopted with regard to the formation of joint-stock or other companies. In fine, the Company Regulations which came into force on January 1, 1911, vested in the authorities the power to veto the formation of certain companies, should the existence of such companies be considered by them prejudicial to the healthy development of the industry concerned, or inimical to the welfare of the investors. The primary object of the law seems to have been to prevent the newly-created Korean peers from squandering the Imperial gifts bestowed upon them at the time of annexation in reckless speculative enterprises, but the authorities did not hesitate to use this weapon in many other cases. Thanks to this measure, though the number of companies did not increase so rapidly as might have been the case had no control been exercised, those established have generally been of a sound nature and have made very satisfactory development. Classified according to the objects for which they were established they make the following showing :

Year	Agriculture and Forestry	Commerce	Manu- fac- ture	Marine In- dustry	Mining
1911	11	66	27	1	1
1912	14	71	33	1	2
1913	16	83	37	1	3
1914	21	88	32	2	3
1915	24	86	32	2	3
1916	23	85	29	2	3
1917	23	81	47	2	3
1918	29	86	68	1	3

Year	Banking	Trans- port- ation	Gas and Electricity	Others	Total
1911	19	19	7	1	152
1912	21	19	9	1	171
1913	23	19	11	1	194
1914	23	21	11	10	211
1915	23	25	11	10	216
1916	24	25	11	10	212
1917	25	25	15	7	223
1918	25	32	14	8	266

Thus it is seen that progress has been very slow so far as the number of companies is concerned, and that in some branches there has been no progress at all in recent years. However, when the capital invested in them is considered, their progress has been very steady, as shown in the following table :

Year	No. of Companies	Subscribed Capital Yen	Paid-up Capital Yen
1911	152	39,766,450	15,909,825
1912	171	50,216,510	29,276,650
1913	194	52,848,870	33,746,011
1914	211	55,972,120	38,514,381
1915	216	55,116,740	39,348,686
1916	212	62,230,540	43,920,152
1917	228	78,696,340	47,771,734
1918	266	125,622,700	69,869,595

These companies may be classified under three heads according to their nature, viz., general partnership in which the liability of each member is unlimited, limited partnership

in which the liability of all but one at least is limited, and joint-stock company in which the liability of each shareholder is limited. Then again they may be divided into Japanese, Korean, and foreign institutions. These distinctions taken into consideration, the companies in Chosen made the following showing at the end of 1917 :

Nationality	Class of Company	Number	Subscribed Capital Yen	Paid-up Capital Yen
Japanese ...	{ General partnerships ...	23	1,884,000	1,796,660
	{ Limited partnerships ...	60	2,483,200	1,988,600
	{ Joint-stock companies...	94	54,825,000	34,234,232
	{ Total	177	59,192,200	38,019,492
Koreans ...	{ General partnerships ...	3	354,500	169,500
	{ Limited partnerships ...	8	320,640	264,055
	{ Joint-stock companies...	26	10,843,000	5,437,687
	{ Total	37	11,518,140	5,872,242
Japanese & Koreans	{ Limited partnerships ...	1	10,000	10,000
	{ Joint-stock companies...	12	5,976,000	1,871,000
	{ Total	13	5,986,000	1,881,000
Jap. & Amer.	Joint-stock company ...	1	2,000,000	2,000,000
Total	{ General partnerships ...	26	2,238,500	1,966,160
	{ Limited partnerships ...	69	2,813,840	2,262,655
	{ Joint-stock companies...	133	73,644,000	43,542,919
	{ Grand Total	228	78,696,340	47,771,734

The above-mentioned companies are those formed in the Peninsula with their head offices within the jurisdiction of the Government-General of Chosen, but many Japanese and foreign companies with head offices in their respective homelands have found it profitable to maintain branches in this country. Broadly speaking, these branch companies are the stronger institutions when compared with those formed in Chosen, and backed by their large resources have expanded their activity in many directions. These have also increased as shown in the following table :

Year	No. of Companies	Subscribed Capital Yen	Paid-up Capital Yen
1911	35	86,889,700	68,025,510
1912	43	95,036,200	74,444,950
1913	51	112,400,200	82,477,130
1914	48	118,560,200	89,993,764
1915	50	119,801,700	91,754,896
1916	49	120,660,273	98,811,115
1917	54	216,941,883	138,383,421
1918	55	312,936,500	220,711,418

These companies, classified as in the case of the domestic companies above mentioned, made the following showing at the end of 1917 :

Nation- ality	Class of Company	Num- ber	Subscribed Capital Yen	Paid-up Capital Yen
Japanese ...	General partnerships ...	5	2,010,000	2,010,000
	Limited partnerships ...	3	673,773	673,773
	Joint-stock companies...	40	205,302,500	127,140,668
	" It'd partnership	1	5,000,000	5,000,000
	Total	49	212,986,273	134,824,441
Foreigners...	Limited partnership ...	1	11,610	11,610
	Joint-stock companies...	4	3,944,000	3,547,370
	Total	5	3,955,610	3,558,980
Total	General partnerships ...	5	2,010,000	2,010,000
	Limited partnerships ...	4	685,383	685,383
	Joint-stock companies...	44	209,246,500	130,638,038
	" It'd partnership	1	5,000,000	5,000,000
	Grand Total	54	216,941,883	138,383,421

It must be noted that, as shown in one of the foregoing tables, some of these companies are agricultural in nature, some industrial, and some financial. However, no matter what their professed objects may be, they have their commercial side, and it is quite clear that their growth and multiplication have enlarged the volume of transactions in general, since they have for the most part a large capital and their business is conducted on a larger scale than that by individual merchants. They have also contributed much to the modernization of business methods, since they are conducted by men of better education than the ordinary merchant,

who for the most part is a self-made man, with little education, though, perhaps, possessed of greater practical ability. But for these men of the new age in charge of large companies, the use of such modern business conveniences as the various banking facilities might never have been so general as it is now.

Trade Expansion;—Nothing tells of the economic progress of Chosen more eloquently than the trade figures. We have therefore traced them back to 1886 when they were published for the first time by Sir Robert Hart, Inspector-General of the Chinese Customs, under whom the Korean Customs service was placed in that year. In order to afford the reader further convenience in the comparison of the figures, we have added to the list index numbers for export, import, and total, thus showing their respective progress. In this, however, the figures of the first year have been omitted for the reason that, as noted in the list, gold and silver bullion, which constitutes a very important item of export of the Peninsula, and so must be added in order to obtain a true idea of the trade situation, is not included owing to the lack of statistics.

Year		Export Yen	Import Yen	Total Yen	Index Number		
					Export	Import	Total
1886	...	566,047*	2,536,007*	3,102,054*	*	*	*
1887	...	2,263,984	2,976,868	5,240,852	100	100	100
1888	...	2,393,573	3,265,750	5,659,323	106	109	108
1889	...	2,546,447	3,627,973	6,174,420	112	122	118
1890	...	4,441,760	3,283,441	9,725,201	196	177	186
1891	...	4,214,316	5,912,643	10,126,959	186	199	193
1892	...	3,601,900	5,135,331	8,737,231	159	172	167
1893	...	2,789,493	4,403,410	7,192,903	123	148	137
1894	...	3,810,587	6,790,417	10,601,004	168	228	202
1895	...	5,071,979	10,042,897	15,114,876	224	337	288
1896	...	6,542,862	7,408,969	13,951,831	289	249	266
1897	...	11,356,450	12,218,159	23,574,609	502	410	441
1898	...	9,668,774	12,416,758	22,085,532	427	417	421
1899	...	9,307,798	10,389,025	19,696,823	441	349	376
1900	...	13,681,491	11,503,069	25,184,560†	604	386	481
1901	...	13,737,816	15,684,557	29,422,373	607	527	561
1902	...	14,079,672	13,789,392	27,869,064†	622	463	532
1903	...	15,281,746	18,791,454	34,073,200	675	631	650

Year		Export	Import	Total	Index Number		
		Yen	Yen	Yen	Export	Import	Total
1904	...	12,607,140	27,816,942	40,424,082	557	934	771
1905	...	13,432,538	34,123,174	47,555,712	593	1,146	907
1906	...	14,960,061	31,634,164	46,594,225	661	1,064	888
1907	...	22,531,179	43,603,716	66,134,895	995	1,465	1,262
1908	...	19,129,996	44,273,404	63,403,400	845	1,487	1,210
1909	...	23,208,237	37,569,895	60,778,132	1,025	1,262	1,160
1910	...	29,113,481	41,658,876	70,772,357	1,286	1,399	1,350
1911	...	31,713,978	58,826,927	90,540,905	1,401	1,976	1,728
1912	...	31,109,849	68,587,975	99,697,824	1,374	2,304	1,902
1913	...	41,822,957	71,782,346	113,605,303	1,847	2,411	2,168
1914	...	45,213,302	63,535,659	108,748,961	1,997	2,134	2,075
1915	...	61,256,489	60,012,721	121,269,210†	2,706	2,016	2,314
1916	...	72,922,788	76,092,720	149,015,508	3,221	2,556	2,843
1917	...	93,440,416	103,342,215	196,782,631	4,127	3,471	3,755
1918	...	160,212,810	158,678,993	318,891,803†	7,077	5,330	6,085
1919	...	224,084,440	282,423,392	506,507,832	9,898	9,487	9,665

* Gold and silver bullion not included, the amount being unascertainable.

† Export-excess.

Now, following up these figures, we find that the trade of Chosen has steadily increased, though more rapidly in later periods than in the earlier ones. Its progress in earlier days must be attributed largely to the success of the treaty ports in opening up their neighbouring districts to trade and commerce. That the Chino-Japanese War (1894-1895), increasing Japanese influence and bringing into the country Japanese men and capital, served as an impetus to its development is seen from the fact that the total amount of trade, standing at Yen 15,100,000 in 1895, had increased to Yen 40,400,000 by 1904, the year in which the Russo-Japanese War broke out, showing an increase of 167% during that period. The subsequent assumption by Japan of a protectorate over Korea further accelerated this tendency until it amounted to Yen 113,600,000 in 1913, making an increase of 181% in a period of nine years. Then broke out the Great War, and though its effect in Korea was not so great as that felt in Japan, the total trade figures were nevertheless brought up to Yen 506,500,000 in 1919, making an increase of 346% in six years. Can

anything show more clearly the economic progress of Chosen in recent years than these figures? The fact that the Korean trade has largely been governed by its relation with Japan is shown by the following table.

Year	Export to Japan		Import from Japan		Total	Index No.	Ratio against the whole trade
	Yen	Yen	Yen	Yen			%
1904	10,901,948	19,444,893	30,346,841	100	75		
1905	11,087,430	24,584,917	35,672,347	118	75		
1906	12,700,903	24,570,763	37,271,666	123	80		
1907	18,197,304	31,452,164	49,649,468	164	75		
1908	15,872,199	26,531,698	42,403,897	140	67		
1909	18,793,496	22,761,951	41,555,447	137	68		
1910	24,418,952	27,214,216	51,633,168	170	73		
1911	26,164,231	38,762,677	64,926,908	214	71		
1912	25,465,132	42,092,310	67,557,442	223	67		
1913	36,246,411	40,551,646	76,798,057	253	68		
1914	39,400,957	39,167,097	78,568,053	259	72		
1915	52,661,772	42,066,613	94,728,385	312	78		
1916	59,068,797	52,781,648	111,850,445	369	75		
1917	74,361,310	73,055,285	147,416,595	486	75		
1918	143,228,387	117,596,312	260,824,699	859	81		
1919	204,267,183	186,534,374	390,801,557	1,288	77		

Thus the proportion of the trade with Japan to the aggregate trade has seldom been over 80% but never below 67%, the average being somewhere about 73 per cent. The change in régime did not affect it much in this respect; in other words, foreign countries have enjoyed as large a share of the trade of Chosen since the annexation as they did before it. This is shown in the following table in which the trade with countries other than Japan is given.

Year	Export to Foreign Countries		Import from Foreign Countries		Total	Index No.	Ratio against the whole trade
	Yen	Yen	Yen	Yen			%
1904	1,705,192	8,372,049	10,077,241	100	25		
1905	2,345,098	9,538,257	11,883,355	118	25		
1906	2,259,158	7,063,401	9,322,559	93	20		
1907	4,333,875	12,151,552	16,485,427	164	25		
1908	3,257,797	17,741,706	20,999,503	208	33		

Year	Export to Foreign Countries		Import from Foreign Countries		Total	Ratio Index against No. the whole trade	
	Yen		Yen		Yen	%	
1909	4,414,741		14,807,944		19,222,685	191	32
1910	4,694,529		14,444,660		19,132,189	190	27
1911	5,549,747		20,064,250		25,613,997	254	29
1912	5,644,717		26,495,665		32,140,382	319	33
1913	5,576,546		31,230,700		36,807,246	365	32
1914	5,812,345		24,368,563		30,180,908	299	28
1915	8,594,717		17,946,108		26,540,825	263	22
1916	13,853,991		23,311,072		37,165,063	369	25
1917	19,079,106		30,286,930		49,366,036	490	25
1918	16,984,423		41,082,681		58,067,104	577	19
1919	19,817,257		95,889,018		115,706,275	1,148	23

Details of Export Trade :—A feature in the external trade of Chosen is the rapid increase in exports as the result of development in agriculture and industry. The perfecting of the means of transportation, both overland and marine, with consequent reduction in freight charges, the pervasion of banking facilities resulting in the lowering of the rate of interest, the influx of Japanese capital, the increase in population, especially Japanese, revision of the Customs tariff, and the extension of the commercial sphere of the Peninsula may also be counted among its principal causes. It was further enhanced in recent years by the great European War which occasioned greater demand for Korean products abroad. On comparing the trade returns since 1910, classified according to the great divisions of agricultural, marine, mining, forest, and manufactured products, it will be seen that agricultural products have invariably led the list, the second and third places being occupied by either mining or marine products with the sole exception of 1916, in which year manufactured products occupied the third place, relegating marine products to the fourth. The fourth place was in earlier days occupied by forest products, but in later years it has invariably been occupied by manufactured articles. The relative position of these great divisions of exports and the annual amount of each division

are shown in the following table, in which the figures for every other instead of every year up to 1918 are given for the sake of brevity.

Year	1910	1912	1914	1916	1918	1919
Products	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Agricultural	15,103	15,735	26,265	36,265	92,483	160,833
Marine	1,039	1,702	2,768	3,622	12,543	17,792
Mining	1,335	1,440	1,915	7,816	31,684	9,589
Forest	311	276	336	787	1,150	1,261
Manufactured... ..	124	188	701	4,377	4,492	18,003
Miscellaneous... ..	1,999	1,641	2,401	3,932	11,834	12,187
Total	19,913	20,985	34,388	56,801	154,189	219,665

Remarks:—Gold and silver bullion not included in this table.

The annual progress in the principal items of export is shown in the following tables:

(a) Agricultural Products.

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Rice	6,277	7,524	17,098	19,305	51,542	110,031
Beans	5,217	5,000	3,819	6,011	11,738	23,068
Cotton	304	435	1,107	1,749	6,141	8,174
Cocoons	—	25	334	1,470	4,988	3,833
Cattle	634	207	465	435	2,278	3,478
Cowhides... ..	1,004	1,032	1,597	3,573	1,268	3,255
Ginseng	179	261	497	1,279	1,855	1,762
Bran	91	135	211	215	552	1,181
Fruits and seeds ...	13	22	13	53	510	323

(b) Marine Products.

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Fish, fresh... ..	173	138	193	212	4,094	6,188
Fish, dried	83	213	518	984	3,394	4,106
Fish, salted	60	68	170	151	722	1,354
Seaweeds (Gelidium corneum)	87	117	153	217	292	282
Seaweeds (Glocopeltiz intricata)	82	164	136	160	516	1,138
Manures, dried fish ...	281	361	597	528	674	1,132

(c) Mining Products.

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Gold	4,564	5,315	6,632	8,269	6,021	4,415
Gold ore	519	274	569	253	1,546	1,232
Iron ore	339	311	418	568	1,156	2,433
Coal	362	334	458	468	580	640
Coarse copper, contain- ing gold and silver ...	—	—	—	3,880	3,868	3,275

(d) Manufactured Products.

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Comestibles, in tins and bottles	—	—	133	78	402	262
Leather	—	—	138	60	402	226
Leather goods	—	—		3,119	381	293
Cigarettes	3	22	262	519	945	2,376
Paper	95	96	98	133	136	244

Details of Import Trade :—Imports have also increased, though not quite so fast as exports. The chief reasons accounting for this are (1) the greater import of building materials, machinery, and other articles necessary for the development of the country, and (2) the greater demand for imports in consequence of the general well-being, resulting in the advancement of the standard of living of the Koreans. On the other hand, there are some articles the import of which is diminishing through the production of similar articles in the Peninsula. On the whole, however, it may be said that the exports consist of raw materials and the imports of manufactured articles. The annual import of the principal articles for every other year, except the last, since 1910 is shown in the following table :

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Beverages and com- estibles :						
Grain, flour, starch and seeds	532	1,947	5,423	1,611	7,379	26,478
Beverages and comestibles	2,274	3,593	3,195	3,813	4,726	8,628
Sugar, confection- ery & sweet meats	929	1,573	1,589	2,039	3,546	4,464

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Wines, liquors, and spirits	1,177	1,589	1,574	1,485	2,029	3,492
Part Total ...	4,915	8,703	11,782	8,950	17,680	43,062
Drugs, dyes & paints.	834	1,670	1,412	2,066	3,538	4,005
Oils, fats, and waxes.	1,584	2,275	2,078	3,049	4,314	10,829
Yarns, threads, twines, cordage, and tissues:						
Yarns, threads, twines, etc. ...	2,320	3,301	3,002	4,401	6,551	11,545
Cotton tissues ...	9,300	14,929	11,397	15,832	31,177	69,436
Linen or hemp tissues	906	1,518	1,617	1,662	2,578	7,079
Woollen tissues ...	425	1,018	784	575	649	1,149
Silk tissues	1,085	1,383	926	1,207	316	1,017
Other tissues & tissue manufactures	577	1,056	675	920	1,616	2,559
Part Total ...	14,615	23,206	18,407	24,600	42,887	92,785
Clothing & accessories	1,190	1,639	1,617	1,872	2,622	4,944
Paper, paper goods, & stationery... ..	1,385	2,395	2,398	3,335	6,656	7,359
Metals, and metal manufactures:						
Iron and steel ...	876	2,074	1,835	2,198	6,448	8,069
Other metals ...	338	655	429	473	1,133	2,175
Metal manufactures	1,285	3,410	2,689	2,606	6,366	8,520
Part Total ...	2,501	6,141	4,954	5,278	13,947	18,764
Vehicles, vessels, scientific instruments & machinery:						
Vehicles & vessels..	204	1,682	1,813	1,011	2,672	9,470
Scientific instruments & mach'y	1,484	2,545	2,291	2,773	15,331	14,277
Part Total ...	1,689	4,228	4,105	3,785	18,003	22,747
Tobacco	935	959	467	562	820	1,333
Miscellaneous	7,543	11,206	10,677	14,575	28,799	41,472
Parcel post	2,308	3,913	3,912	4,044	10,483	17,188
Travelling effects subject to duty ...	139	145	158	128	710	1,021
Parcels and luggage by railway	93	613	1,104	2,096	7,794	14,091
Total Japanese and Foreign Products...	39,737	67,100	63,087	74,365	158,253	280,601
Korean products ...	45	14	143	90	56	185
Total Imports	39,782	67,115	63,231	74,456	158,309	280,786

Remarks:—Gold and silver bullion, not included in this table.

Balance of Trade :—One of the greatest financial weaknesses of Chosen has been her chronic adverse trade. Since trade returns were first published in 1886 there have only been four years in which any export-excess was witnessed. For all other years, import always exceeded export, the former often being more than twice as much as the latter. Such a state of affairs, though unavoidable in a country like Chosen, which was in the course of rapid progress, could not be allowed to continue long, or it would surely undermine the economic basis of the country. Any check on import would as surely discourage the various undertakings then in full swing. The only alternative left to attain the object was to encourage export, and on this the whole-hearted efforts of the Government and certain public institutions were concentrated. Especially great were the efforts put forth by the Bank of Chosen to overcome this condition, because a continuation of this state of affairs was not only inimical to the economic welfare of the country, with which that of its own was very closely allied as its central bank, but would endanger the very basis of its note-issue by the continual drain made upon its specie reserve. A raising of the bank rate would have had the desired effect, but there was a danger in this of discouraging the industrial progress then going on, and this would never do. Its whole energy was therefore used to bring about an increase in exports. Every possible financial assistance was given by it to such enterprises as were deemed conducive to the attainment of this end. Fortunately, before any drastic measures had to be applied to cope with the situation, things began to take a favourable turn; both imports and exports increased, but the latter progressed at a much faster rate, so much so that equilibrium came to be and is still maintained. In the following table we have given the annual percentage of import-excess to the whole trade amount. A review of this table will show that during the period in which Korea had her own way, that is, prior to 1904, though there was in most years some import-excess, it was never very great with the exception of three

or four years, and towards the end of the period it decreased, so that for two years (1900 and 1902) an export-excess was even seen. So far, matters took their natural course. Then came the Japanese and Japanese capital in the wake of Japanese influence. The period of enterprise set in. Building materials, machinery, and other articles necessary for exploitation and for the sustenance of Japanese began to pour in and swelled the imports. This condition lasted for about five years without a break, the percentage ranging between 32 and 44. Then it began to decrease, though with considerable fluctuations, until in 1915 some excess in export was seen. It is too soon to judge of the future, but signs point to the fact that various undertakings have begun to bear fruit, and should there be import-excess in future it will doubtless never be so large as in the past. The following table makes clear the gradual improvement in the situation:

Year	Export	Import	Total	Import-excess	Percentage of import-excess to total trade amount
	Yen	Yen	Yen	Yen	
1886 ...	566,047	2,536,007	3,102,054	1,969,960	*
1887 ...	2,263,984	2,976,868	5,240,852	712,884	14
1888 ...	2,393,573	3,265,750	5,659,323	872,177	15
1889 ...	2,546,447	3,627,973	6,174,420	1,081,526	18
1890 ...	4,441,760	5,283,441	9,725,201	841,681	9
1891 ...	4,214,316	5,912,643	10,126,959	1,698,327	17
1892 ...	3,601,900	5,135,331	8,737,231	1,533,431	18
1893 ...	2,789,493	4,403,410	7,192,903	1,613,917	22
1894 ...	3,810,587	6,790,417	10,601,004	2,979,830	28
1895 ...	5,071,979	10,042,897	15,114,876	4,970,918	33
1896 ...	6,542,862	7,408,969	13,951,831	866,107	6
1897 ...	11,356,450	12,218,159	23,574,609	861,709	4
1898 ...	9,668,774	12,416,758	22,085,532	2,747,984	12
1899 ...	9,307,798	10,389,025	19,696,823	1,081,227	5
1900 ...	13,681,491	11,503,069	25,184,560	2,178,422†	—
1901 ...	13,737,816	15,684,557	29,422,373	1,946,741	7
1902 ...	14,079,672	13,789,392	27,869,064	290,280†	—
1903 ...	15,281,746	18,791,454	34,073,200	3,509,708	10
1904 ...	12,607,140	27,816,942	40,424,082	15,209,802	38
1905 ...	13,432,538	34,123,174	47,555,712	20,690,636	44
1906 ...	14,960,061	31,634,164	46,594,225	16,674,103	36
1907 ...	22,531,179	43,603,716	66,134,895	21,072,537	32

Year	Export	Import	Total	Import-excess	Percentage of import-excess to total trade amount
	Yen	Yen	Yen	Yen	
1908 ...	19,129,996	44,273,404	63,403,400	25,143,408	40
1909 ...	23,203,237	37,567,895	60,771,132	14,364,658	24
1910 ...	29,113,481	41,657,76	70,772,357	12,545,395	18
1911 ...	31,713,978	58,820,27	90,540,905	27,112,941	30
1912 ...	31,109,849	68,587,975	99,697,824	37,478,126	38
1913 ...	41,822,957	71,782,346	113,605,03	29,959,389	26
1914 ...	45,213,302	63,535,659	108,748,961	18,322,357	17
1915 ...	61,256,489	60,012,721	121,269,210	1,243,768†	—
1916 ...	72,922,788	76,092,720	149,015,508	3,169,932	2
1917 ...	93,440,416	103,342,215	196,782,631	9,901,799	5
1918 ...	160,212,810	158,678,993	318,891,803	1,533,817†	—
1919 ...	224,084,440	282,423,392	506,507,832	58,338,952	12

* Gold and silver bullion not included, the amount being uncertainable.

† Export-excess.

Tradal Relationship with Foreign Countries:—We have already observed that the foreign trade of the country is progressing in spite of the fact that the once foreign country with which Korea did the largest and the most progressive business, Japan, is no longer foreign. Of the now foreign countries, those trading most largely with Chosen are, according to the statistics for 1919, China, the United States of America, England, Asiatic Russia, and Dutch Indies in order. The British Straits Settlements is a poor sixth, the amount being only one-seventh of the fifth, and is followed by British India and Australia. The respective importance of export and import with regard to these countries has been much disturbed by the recent War. But, on peace footing, it may be said that the trade with China has a tendency to equilibrium, though at present imports still exceed exports, that with the United States and England consists practically of imports, and that with Asiatic-Russia of exports. The following table shows the country's trade with foreign countries, Japan being added to it for the sake of comparison.

Country		1910	1912	1914	1916	1918	1919
		1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Japan ...	{ Export...	15,379	15,369	28,587	42,964	137,205	199,849
	{ Import...	25,348	40,756	39,047	52,459	117,273	184,913
	{ Total ...	40,727	56,125	67,634	95,423	254,478	384,762
China ...	{ Export...	3,026	4,058	4,518	8,062	15,096	17,038
	{ Import...	3,845	7,027	7,761	9,565	22,725	60,600
	{ Total ...	6,871	11,085	12,279	17,627	37,821	77,638
U. S. A ...	{ Export...	305	96	92	964	116	336
	{ Import...	3,204	6,459	6,127	6,551	10,341	24,182
	{ Total ...	3,509	6,555	6,219	7,515	10,457	24,518
England ...	{ Export...	25	198	43	67	1	15
	{ Import...	6,226	9,802	5,434	4,592	3,506	5,576
	{ Total ...	6,251	10,000	5,477	4,659	3,507	5,591
Asiatic Russia.	{ Export...	1,155	1,245	1,109	4,715	1,599	2,303
	{ Import...	18	73	103	171	423	720
	{ Total ...	1,173	1,318	1,212	4,886	2,022	3,023
British India...	{ Export...	—	—	—	—	—	1
	{ Import...	24	103	507	230	246	281
	{ Total ...	24	103	507	230	246	282
Dutch Indies...	{ Export...	—	—	—	—	3	6
	{ Import...	196	326	328	187	1,027	2,284
	{ Total ...	196	326	328	187	1,030	2,290
Australia ...	{ Export...	—	—	—	—	10	—
	{ Import...	18	41	54	139	238	143
	{ Total ...	18	41	54	139	248	143
British Straits Settlements	{ Export...	—	1	—	—	16	40
	{ Import...	31	31	59	80	233	254
	{ Total ...	31	32	59	80	249	294
Germany ...	{ Export...	13	6	4	—	—	—
	{ Import...	488	1,591	917	121	3	8
	{ Total ...	501	1,597	921	121	3	8
All Others ...	{ Export...	11	13	36	30	143	78
	{ Import...	384	906	2,894	362	2,294	1,825
	{ Total ...	395	919	2,930	392	2,437	1,903
Total ...	{ Export...	19,914	20,986	34,389	56,802	154,189	219,666
	{ Import...	39,782	67,115	63,231	74,457	158,309	280,786
	{ Total ...	59,696	88,101	97,620	131,259	312,498	500,752

Remarks :—This table excludes gold and silver bullion exported and imported.

*General Tendency of Export and Import Articles :—*It is a matter of the highest importance for those trading with

a country to know what articles, either of export or import, have an increasing tendency and what articles a decreasing tendency. Some articles suffer such violent fluctuation that it is hardly possible to determine whether they are increasing or decreasing. For instance, the construction of a large bridge, such as that over the Yalu (鴨綠江), will push up the figures for bridge materials for a year or two to a height that they may never again attain, but so long as the country is being provided with better bridges, the import of bridge materials will continue or may even increase until the time comes when the country is able to supply its own needs. Such articles are included among those having an increasing tendency, though the actual figures show the opposite. In most cases, however, the tendency in the past is considered to be as forecasting the tendency in the future, and on this basis the following tables have been prepared.

In the following table are shown those articles of import that betray a tendency to increase in consequence of the general development of the country :

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Iron and steel	876	2,074	1,835	2,198	6,448	8,069
Other metals	338	656	429	473	1,133	2,175
Rails and fittings thereof	103	890	592	543	2,678	3,621
Materials for bridge construction	—	—	624	351	422	1
Vehicles, and vessels	204	1,682	1,813	1,011	2,672	9,470
Iron nails	95	177	124	360	534	633
Scientific instruments & machinery	1,484	2,545	2,291	2,773	15,331	14,277
Oils, fats, and waxes (Excluding petroleum)	323	504	591	712	1,704	2,679
Coal	794	1,525	1,741	1,839	8,376	14,395
Coke	14	30	26	107	208	317
Raw mineral materials	1	1	6	571	649	1,633
Glass, window	90	188	149	228	328	489
Soda, caustic	39	66	49	182	260	328
Types, printing	10	22	19	16	22	31
Railway sleepers	615	747	527	301	620	526
Planks	—	532	429	284	679	894
Other timbers, and planks	1,065	984	737	741	1,434	1,856
Bricks	20	42	18	63	254	324
Cement	381	659	490	790	1,817	1,606

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Building materials	—	89	84	82	2,541	482
Stone powder	—	58	67	68	102	212
Straw bags	707	491	756	648	672	1,486
Straw ropes	228	234	325	252	225	364
Fishing nets	—	191	258	289	764	1,115
Manus	7	79	164	98	424	1,491
Explosives	214	360	330	544	971	654
Mouth-pieces for cigarettes and paper therefor	—	—	34	36	44	78
Paraffin wax	—	—	122	189	411	577

The following are the articles of import showing a tendency to increase in consequence of the native standard of living being raised :

Year	1910	1912	1914	1916	1918	1919
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
Petroleum	1,261	1,770	1,486	2,336	2,611	8,151
Stoves	26	30	25	27	59	63
Bicycles	52	218	293	254	344	789
Iron safes and cash boxes	28	57	39	45	58	209
Enamelled ironwares	60	119	112	136	237	482
Porcelain and earthenwares	338	566	413	570	876	1,519
Lacqueredwares	39	63	66	75	112	165
Matting	77	124	138	158	249	420
Soap, toilet	58	105	103	160	250	441
Soap, washing	20	47	47	50	80	103
Toilet or perfumed waters and oils	53	91	114	149	289	441
Tooth-powders and pastes	13	19	25	35	60	77
Washing powder	—	—	21	20	27	36
Umbrellas and parasols, European	132	312	177	148	207	418
Umbrellas and parasols, Japanese ..	27	43	41	89	143	214
Matches	399	478	430	802	1,144	1,457

The following are those articles of import betraying a tendency to decrease on account of increase in home production :

	Units in Thousands	1910	1912	1914	1916	1918	1919
Rice	Bushels	17	125	1,321	90	372	221
Salt	1000 lbs	123	241	163	321	376	531
Pea-cheese (miso)	Pounds	774	1,020	650	459	212	230
Soy	Gallons	1,100	1,154	236	196	89	95

	Units in Thousands	1910	1912	1914	1916	1918	1919
Vegetables, fresh ...	1000 lbs	—	11	12	11	7	8
Apples	Pounds	506	527	681	347	246	99
Pears	"	—	—	897	1,021	1,198	1,712
Other fresh fruits & nuts	"	1,616	1,295	241	331	470	655
Mineral waters and other beverages ...	Litres	—	753	549	421	348	578
Macaroni, vermicelli, and the like	Pounds	519	531	492	710	735	1,341
Fancy biscuits	"	102	63	56	72	77	112
Sake (wine)	Gallons	—	1,317	1,108	1,025	942	1,024
Aniline & alizarine dyes	Pounds	561	897	149	51	161	229
Candles	"	982	377	344	56	37	105
Chinese grass cloth ...	Sq. yards	4,233	7,010	6,477	6,111	6,227	12,310
Iron pans, rice-kettles	Pieces	319	534	308	268	88	293
Cigarettes	1000 lbs	514	473	90	27	31	141
Tiles	Pieces	1,818	4,737	1,281	2,000	658	1,107
Straw bags	"	6,367	4,453	6,407	5,757	3,414	5,924
Straw ropes & matting	1000 lbs	9	10	14	11	8	10

CHAPTER V

FINANCIAL AND BANKING DEVELOPMENT

Government finance; Expansion of financial market; Expansion of currency; Banking development in general; Development of commercial banks; Development of agricultural and industrial banks; Development of credit associations; The closing of Agricultural and Industrial Banks and the establishment of the Chosen Industrial Bank.

Government Finance :—Particulars as to the financial reforms in Chosen have already been given in Part I. They began with the engagement by the Korean Government in 1904 of a Japanese financial adviser, and, in a strict sense, may be said to have been finished only with the recent completion of the land surveying work which furnished the Government with a true and reliable basis for the taxation of land, which tax constitutes the greatest item of the Korean revenue. Meanwhile Chosen proved no light burden upon the Treasury of Japan. During the protectorate régime large sums of money were defrayed by the Imperial Treasury of Japan for the maintenance of the Residency-General and its affiliated offices, railways, postal, telegraphic, and other communication facilities, etc., in addition to naval and military expenses, and the meeting of the deficit in the annual revenue of the Korean Government. With the transfer of judicial administration and prisons to the Japanese Government in 1909, the maintenance of the law courts and prisons also devolved upon the Imperial Treasury. The sums thus disbursed by Japan were Yen 27,000,000 for the fiscal year 1907, Yen 31,000,000 for 1908, Yen 21,000,000 for 1909, and Yen 25,000,000 for 1910, the last-named including expenses incidental on the

annexation. With the annexation the complex system of government was changed into a simpler and more unified one, thus curtailing administrative expenses. A special account of the Government-General was established, and by it all Government expenses in Chosen were to be met by taxes and receipts collected in the country, and the deficit, if any, made good by the Imperial Treasury of Japan. During the ten years following there has always been some deficit to be made good by Japan, but so satisfactory has been the progress made in the public finances of Chosen that in a few years no subsidy will be needed to make both ends meet. The satisfactory development of the finances of Chosen will be made clear by the following table, in which the Estimates of Revenue and Expenditure for the past ten years are compared.

				Revenue		
Year				Ordinary	Extraordinary	Total
				Yen	Yen	Yen
1910-11	...	...	...	11,953,272	10,368,475	22,321,747
1911-12	...	...	...	25,564,176	26,720,288	52,284,464
1912-13	...	...	...	28,764,740	33,362,154	62,126,894
1913-14	...	...	...	31,347,543	31,745,944	63,093,487
1914-15	...	...	...	35,692,238	26,355,422	62,047,660
1915-16	...	...	...	38,829,330	23,893,165	62,722,495
1916-17	...	...	...	44,764,559	23,437,548	68,202,107
1917-18	...	...	...	46,433,567	28,469,829	74,903,396
1918-19	...	...	...	42,668,220	22,473,433	65,141,653
1919-20	...	...	...	52,642,603	24,918,082	77,560,690

				Expenditure			Subsidy from Japan
Year				Ordinary	Extra-ordinary	Total	
				Yen	Yen	Yen	Yen
1910-11	...	...	...	9,916,993	8,340,390	18,257,383	2,885,000
1911-12	...	...	...	25,561,053	20,611,257	46,172,310	12,350,000
1912-13	...	...	...	28,000,278	23,780,946	51,781,224	12,350,000
1913-14	...	...	...	31,690,220	21,764,264	53,454,484	10,000,000
1914-15	...	...	...	32,277,749	22,822,085	55,099,834	9,000,000
1915-16	...	...	...	34,724,853	22,145,094	56,869,947	8,000,000
1916-17	...	...	...	36,188,619	21,374,091	57,562,710	7,000,000
1917-18	...	...	...	31,944,360	19,227,466	51,171,826	5,000,000
1918-19	...	...	...	36,399,704	28,741,949	65,141,653	3,000,000
1919-20	...	...	...	39,698,250	37,862,440	77,560,690	?

Expansion of Financial Market :—Along with the commercial and trade expansion, the financial market of the Peninsula has also greatly broadened. Its relation with Japan has become inseparable, and that with Manchuria is constantly growing closer. Every fluctuation in the money market in Japan is reflected in that of the Peninsula, and money is moving with the utmost freedom between the two countries. This is quite natural, since most of the large commercial banks doing business in the Peninsula are branches of Japanese banks with the exception of the Bank of Chosen, which, on the other hand, maintains four branches in Japan and transacts a very large business through them, as we shall see later on. On the whole, however, capital comes from across the channel, the truth of which statement may be gathered from the various tables given in the preceding chapter respecting Japanese enterprises in the Peninsula, and this influx of capital will increase as the financial power of Japan grows and the natural resources of the Peninsula become known to the capitalists at home. The financial relation of the country with Manchuria is the reverse of that with Japan. Money flows out to that country to help develop the great natural wealth it has in store. The chief intermediary in this movement of capital is the Bank of Chosen. In a word, the Bank of Chosen introduces capital from Japan, invests part in Chosen, and employs the rest in Manchuria. The Oriental Development Company, which, though it removed its head office to Tokyo a few months ago, may still be called a Korean company, is pursuing much the same line though on a smaller scale. A large number of other institutions and individual merchants keep offices in both countries, and the ever-increasing business transactions between the two countries are uniting the money markets of both into one great economic community. The fact is the Yalu (鴨綠江) does not separate the Japanese Empire and the Chinese Republic so effectively economically as it does politically. To the enterprising, Chosen has proved too small a field, they push on to Manchuria and build up there an economic tie, the

like of which is rarely found between two distinct self-governing nations. There is no question either that the prevalence of the Bank of Chosen notes outside the boundaries of Chosen, especially in Manchuria, has contributed to no small extent to this broadening of Chosen's financial relation abroad. In connection with this financial inter-relationship between Chosen, Manchuria, and Japan, the following table, giving deposits and advances by the Bank of Chosen in the three countries, will be interesting :

DEPOSITS

Year				Chosen Offices	Index No.	Manchurian Offices	Index No.
				Yen		Yen	
1910	...	...	...	5,470,415	100	442,516	100
1911	...	...	...	5,905,463	108	471,231	106
1912	...	...	...	13,244,707	242	797,938	182
1913	...	...	...	18,650,968	341	749,156	169
1914	...	...	...	16,055,199	294	1,063,626	240
1915	...	...	...	15,781,898	289	2,084,639	471
1916	...	...	...	17,288,089	316	9,107,316	2,058
1917	...	...	...	20,923,336	382	12,338,345	2,788
1918	...	...	...	31,830,760	582	31,569,073	7,156
1919	...	...	...	38,058,360	696	44,555,475	10,069

Year				Japanese Offices	Index Number	Total	Index No.
				Yen		Yen	
1910	...	...	...	47,720	100	5,960,651	100
1911	...	...	...	601,587	1,261	6,978,281	117
1912	...	...	...	127,233	267	14,169,873	238
1913	...	...	...	1,401,802	2,938	20,801,926	349
1914	...	...	...	479,679	1,005	17,598,504	259
1915	...	...	...	722,063	1,513	18,588,600	312
1916	...	...	...	6,638,003	13,910	33,033,408	554
1917	...	...	...	54,690,047	114,606	87,951,726	1,475
1918	...	...	...	146,507,508	307,015	209,907,341	3,521
1919	...	...	...	88,069,490	184,555	170,683,325	2,863

ADVANCES

Year				Chosen Offices	Index No.	Manchurian Offices	Index No.
				Yen		Yen	
1910	...	...	...	20,125,422	100	134,294	100
1911	...	...	...	20,936,352	104	126,576	94
1912	...	...	...	30,932,585	153	277,216	206

Year	Chosen Offices	Index No.	Manchurian Offices	Index No.
	Yen		Yen	
1913	32,369,242	161	2,550,531	1,899
1914	31,748,900	158	3,308,004	2,463
1915	30,210,422	150	3,681,808	2,744
1916	35,650,426	177	17,010,279	12,665
1917	49,445,650	246	24,299,701	18,094
1918	65,579,266	329	70,640,308	52,601
1919	121,228,886	602	115,760,106	86,199

Year	Japanese Offices	Index No.	Total	Index No.
	Yen		Yen	
1910	1,778,572	100	22,038,288	100
1911	834,682	47	21,897,610	99
1912	1,296,590	73	32,506,391	148
1913	2,612,884	147	37,532,657	170
1914	2,019,109	114	37,076,013	168
1915	8,970,271	505	42,862,501	194
1916	8,968,696	504	61,629,401	280
1917	51,164,429	2,882	124,909,780	567
1918	136,546,846	7,677	272,766,423	1,238
1919	157,159,034	8,382	394,148,026	1,788

Expansion of Currency.—The financial market of Chosen has greatly enlarged its sphere of late, the proof of which may be seen in the volume of currencies in circulation, and the amount of the cheques cleared through the four clearing-houses in the country. The increase in the currency is shown in the following table :

Year	Japanese Currency	Bank of Chosen Notes*	Korean Coins		Total	Index No.
			New Coins	Yupchun (葉錢)		
	Yen	Yen	Yen	Yen	Yen	
1910 ...	553,476	20,163,900	8,215,785	2,415,288	31,348,459	100
1911 ...	3,619,792	25,006,540	4,947,826	1,573,167	35,147,325	112
1912 ...	4,536,528	25,550,400	3,998,036	1,099,700	35,184,664	112
1913 ...	4,438,167	25,693,260	3,020,124	663,266	33,814,817	107
1914 ...	5,056,221	21,850,370	2,318,233	379,916	29,504,740	94
1915 ...	5,457,359	34,387,520	2,028,848	212,631	42,086,358	134
1916 ...	5,490,386	46,627,080	1,913,320	132,971	54,163,757	173
1917 ...	6,219,125	67,364,950	1,905,099	119,522	75,603,696	241
1918 ...	8,417,610	115,523,671	1,904,305	118,078	125,957,664	401

Remarks:—* This being the total issue of the note part is in circulation in Manchuria.

The fluctuations noticeable in the table have been due to a great variety of causes; at one time the import-excess, mentioned before, greatly contracted the currency, while, at other times, especially during the past few years, war-time conditions greatly inflated it. On the whole, however, the currency has expanded through the economic development of the country, which fact is further shown by the amount of the cheques cleared through the clearing-houses in Seoul (京城), Fusan (釜山), Chemulpo (仁川), and Pyeng-yang (平壤), the only clearing-houses as yet in the country.

Year	Seoul (京城)		Chemulpo (仁川)	
	No. of	Amount	No. of	Amount
	Cheques	Cleared	Cheques	Cleared
	I,000 yen		I,000 yen	
1910	59,416	20,490	—	—
1911	167,050	50,527	21,921	9,413
1912	217,727	63,623	26,702	13,698
1913	260,212	64,533	35,413	15,126
1914	284,396	57,331	40,126	13,740
1915	307,061	57,912	42,849	15,874
1916	392,098	81,946	43,613	21,082
1917	490,788	125,960	49,054	32,275
1918	668,398	247,701	57,032	45,435
1919	862,579	572,230	79,427	108,020

Year	Fusan (釜山)		Pyengyang (平壤)		Total	
	No. of	Amount	No. of	Amount	No. of	Amount
	Cheques	Cleared	Cheques	Cleared	Cheques	Cleared
	I,000 yen		I,000 yen		I,000 yen	
1910	—	—	—	—	59,416	20,490
1911	58,953	12,615	—	—	247,924	72,555
1912	87,510	21,168	—	—	331,939	98,489
1913	111,801	21,621	—	—	407,426	101,280
1914	109,676	19,762	—	—	434,198	90,833
1915	118,100	24,963	—	—	463,010	98,749
1916	133,323	29,898	—	—	569,034	132,926
1917	151,095	44,671	—	—	960,937	202,906
1918	188,497	90,831	82,705	28,504	996,232	412,673
1919	279,934	216,561	120,194	65,596	1,342,134	962,408

Banking Development in General.—With the establishment of the Bank of Chosen all the makeshift measures

for banking purposes adopted during the transitory period were done away with, and the Peninsula came to enjoy a banking system the same as that of Japan and similar to the one prevailing in the most advanced countries in the world. The currency reform also was all but completed by that time, and the Bank of Chosen notes, the legal tender, had pushed their way into the remotest corner of the country along with the subsidiary coins, which speedily replaced the old ones. The presence of a central bank to regulate and control the financial market as such, and the uniformity of coinage reducing the speculative element in banking operations to a minimum, have of themselves been a great incentive to the development of some banking enterprises. The Japanese banks with branches in Chosen now found themselves in a position to employ their ample resources with much greater freedom and safety and accordingly began to extend their operations. The agricultural and industrial banks, the working of which left much to be desired in spite of their recent foundation, were given active assistance by the newly created central bank, and greatly improved their condition, while the native banks, once on the verge of bankruptcy, regained their vitality and began to show much activity in their own small ways. Some new institutions were also established in the meantime. But the greater part taken in the banking development of Chosen in recent years was that by the central bank itself. Unlike most central banks in the world, the Bank of Chosen is not yet in a position to rest content with the mere rediscounting of bankers' bills. Banks are scarce, so operations performed in most other countries by ordinary banks are in this country performed by the central bank, consequently the development of the Bank of Chosen may be construed not only as the development of a central bank as such but also as the development of the ordinary banking business in Chosen. In the following table is given the balance sheet of all the banks in Chosen combined, including the Bank of Chosen, for the past ten years.

COMBINED BALANCE SHEET OF ALL BANKS IN CHOSEN

Liabilities

Year	Capital Paid-up & Reserve Fund	Notes Issued	Agricultural Debentures	Deposits
	Yen	Yen	Yen	Yen
1910 ...	7,442,355	20,163,900	990,000	23,829,582
1911 ...	10,987,093	25,006,540	1,870,000	20,064,627
1912 ...	15,556,066	25,550,400	1,780,000	27,837,579
1913 ...	16,806,267	25,693,260	2,990,000	34,436,956
1914 ...	19,681,359	21,850,370	2,910,000	32,320,537
1915 ...	19,911,037	34,387,520	2,319,500	35,626,790
1916 ...	19,165,115	46,733,350*	1,739,000	43,716,742
1917 ...	26,189,543	68,198,369*	3,000,000	53,912,055
1918 ...	41,860,060	116,608,460*	3,000,000	84,647,493
1919 ...	65,511,500	165,299,149*	17,500,000	125,265,571

Year.	Government Account	Loans and Bills Payable	Due to Other Banks, etc.	Total
	Yen	Yen	Yen	Yen
1910 ...	2,772,250	3,822,870	3,151,546	62,172,509
1911 ...	2,609,777	9,531,510	3,094,438	73,163,985
1912 ...	3,221,676	9,063,251	5,936,931	88,945,909
1913 ...	3,055,596	9,674,602	4,930,893	97,587,576
1914 ...	3,027,557	12,996,755	4,857,173	97,643,752
1915 ...	3,009,517	8,684,769	5,908,148	109,847,282
1916 ...	2,991,477	8,695,258	7,430,568	130,471,511
1917 ...	2,937,437	16,050,807	10,099,890	180,388,104
1918 ...	2,919,397	21,105,026	16,292,858	286,433,296
1919 ...	2,909,397	38,813,184	28,771,697	445,070,499

* These figures include "Fractional Notes."

Assets

Year	Cash in Hand	Money at Call, Bullion, etc.	Bills Discounted and Advances	Investments
	Yen	Yen	Yen	Yen
1910 ...	9,452,255	1,587,623	41,057,255	2,036,735
1911 ...	9,436,781	2,883,426	42,610,753	6,366,007
1912 ...	6,708,251	2,583,360	58,070,479	6,855,202
1913 ...	5,292,536	2,198,378	62,497,923	8,820,418
1914 ...	7,514,325	2,032,447	61,134,526	9,069,872
1915 ...	11,879,528	2,907,166	60,554,756	9,790,775
1916 ...	17,378,733	2,698,007	69,364,977	12,936,239
1917 ...	27,290,904	5,809,480	96,166,298	20,149,772
1918 ...	44,540,036	4,423,253	140,338,617	21,633,509
1919 ...	39,750,585	30,045,098	270,647,755	20,007,154

Year					Due from Other Banks	Bank Premises, etc.	Total
					Yen	Yen	Yen
1910	...	...	...	...	2,150,997	5,887,649	62,172,509
1911	...	...	...	...	864,838	11,002,179	73,163,985
1912	...	...	...	...	770,792	13,957,817	88,945,909
1913	...	...	...	...	957,932	17,820,386	97,587,576
1914	...	...	...	...	599,533	17,293,046	97,643,752
1915	...	...	...	...	1,132,281	23,582,773	109,847,282
1916	...	...	...	...	1,480,534	26,613,018	130,471,511
1917	...	...	...	...	1,973,412	28,998,235	180,388,104
1918	...	...	...	...	6,077,915	69,419,964	286,433,296
1919	...	...	...	...	5,727,750	78,892,153	445,070,499

Development of Commercial Bank :—In one sense, the Bank of Chosen is the largest commercial bank in Chosen, but it will be dealt with separately on account of its unique character as the central bank. Outside that bank, commercial operations are most largely carried on by the branches of Japanese banks, the most important of which are the Dai Ichi, the Hyaku-sanju, and the Juhachi. The history of these branch banks goes far back into the days of the old régime, and that of the Dai Ichi Ginko has already been given. To the credit of these banks it may be said that it was due to a large extent to their untiring efforts that anything like banking credit existed in those troubled days of old. The Dai Ichi Ginko is the most important of these, and although its one time importance as the *de facto* central bank of Chosen has long since vanished, it still occupies a place in the Peninsular financial world next only to the Bank of Chosen. Three native banks, the Hansung (漢城銀行), the Chosen Commercial, and the Han-il (韓一銀行), have also developed into small yet sound institutions indispensable to native merchants. Further, a new leaf has been turned of late in native banking history by the establishment by the Hansung Bank (漢城銀行) of a branch office in Tokyo. This event, trifling as it may seem of itself, is pregnant with significance as indicating the new spirit of enterprise now awakening in the native business community. The following list gives the names, number of branches, capital, and date of establish-

ment of the 19 commercial banks now doing business in Chosen :

Bank	No. of Offices	Capital 1000 yen	Date of Establishment
Dai Ichi Ginko	2	800*	May 4, 1878.
Juhachi Ginko	8	1,650*	January 1, 1880.
Hyaku Sanju Ginko	4	650*	July 20, 1882.
Mitsuyo Ginko... ..	1	50	March 1, 1907.
Sichisei Ginko... ..	1	435	August 1, 1912.
Keijo Ginko	2	1,000	September 5, 1913.
Hansung Bank (漢城銀行) ...	9	3,000	February 7, 1903.
Chosen Commercial Bank ...	8	1,000	March 7, 1899.
Han-il Bank (韓一銀行) ...	5	500	August 8, 1906.
Ho-soh Bank (湖西銀行) ...	2	300	July 4, 1913.
Sanwa Ginko	1	300	November 10, 1916.
Taiku Bank (大邱銀行)	3	500	July 7, 1913.
Sennan Ginko	1	300	September 2, 1912.
Kyung-nam Bank (慶南銀行)...	3	500	September 21, 1912.
Fusan Shogyo Ginko	4	500	April 21, 1913.
Shingishu Ginko	1	500	November 24, 1917.
Tong-nai Bank (東萊銀行) ...	1	500	September 14, 1918.
Pooksun (北鮮) Commercial Bank	1	500	October 2, 1918.
Wonsan (元山)	1	500	February 28, 1919
Total... ..	58	13,485	

* These figures do not represent the full amount of capital, but that part registered as the capital of its branch offices in Chosen.

The development of these commercial banks is shown in the following table :

Liabilities.

Year	Capital Paid-up and Reserve Fund Yen	Deposits Yen	Govern- ment Account Yen	Loans Yen
1910	4,239,530	9,684,026	285,720	303,265
1911	4,967,030	9,538,360	265,097	550,736
1912	6,263,729	10,123,218	541,696	1,315,566
1913	7,224,983	11,186,062	385,616	1,732,263
1914	7,421,160	11,546,518	367,577	1,675,212
1915	7,575,615	13,388,514	349,537	1,380,321
1916	6,678,200	18,411,330	331,497	861,769
1917	7,483,883	23,254,304	277,457	3,314,050
1918	9,722,850	37,570,630	259,416	3,574,975
1919	13,061,750	52,323,767	249,416	11,007,340

Year	Due to Other Banks Yen	Other Liabilities Yen	Total Yen
1910... ..	500,240	3,231,199	18,243,980
1911... ..	569,833	3,957,169	19,848,225
1912... ..	651,387	3,525,134	22,420,730
1913... ..	630,702	3,959,582	25,420,730
1914... ..	624,477	4,918,960	26,553,904
1915... ..	1,029,717	3,276,102	26,999,808
1916... ..	1,137,683	3,723,314	31,143,793
1917... ..	1,439,115	5,581,972	41,350,781
1918... ..	2,751,305	8,631,352	62,510,530
1919... ..	3,544,150	15,854,769	96,041,194

Assets

Year	Cash in Hand Yen	Money at Call, etc. Yen	Bills Dis- counted and Advances Yen	Invest- ments Yen
1910	887,615	1,089,705	14,293,040	98,495
1911	905,397	534,614	13,038,369	725,770
1912	1,036,356	458,535	16,631,135	1,414,552
1913	1,144,867	267,305	18,545,058	1,470,627
1914	761,582	450,648	17,830,979	1,482,962
1915	860,200	631,913	18,881,554	1,995,342
1916	1,270,523	774,939	21,048,121	2,278,615
1917	2,330,642	963,448	29,093,394	3,306,886
1918	4,016,570	1,355,876	44,938,721	3,541,058
1919	4,816,102	1,838,075	78,385,229	2,682,707

Year	Due from Other Banks Yen	Bank Pro- mises, etc. Yen	Total Yen
1910... ..	524,774	1,345,351	18,243,980
1911... ..	3,033,904	1,610,171	19,848,225
1912... ..	363,116	2,567,036	22,420,730
1913... ..	352,900	3,338,469	25,119,226
1914... ..	207,213	5,820,519	26,553,903
1915... ..	399,898	4,182,897	27,001,804
1916... ..	515,035	5,256,560	31,143,793
1917... ..	724,955	4,931,456	41,350,781
1918... ..	996,648	7,631,655	62,510,531
1919... ..	1,452,787	6,866,292	96,041,194

Development of Agricultural and Industrial Banks :—

These banks, which played so important a figure in the banking history of Chosen, have ceased to exist since

September 30, 1918, when they were amalgamated into one large institution, the Chosen Industrial Bank. This amalgamation, however, does not signify that the older institutions failed in their object, or in their business, nor does it signify that their services were no longer needed. It is true that they had many shortcomings, and that these became more and more evident as they drew nearer to the end of their existence, but on the whole their career was one of development and useful service. At the time of annexation there were in Chosen 6 Agricultural and Industrial Banks, their number which was once 9 having been reduced to 6 by amalgamation, and these with their numerous branches, 41 on September 1, 1918, covered fairly well the whole Peninsula. In almost every place, of commercial or agricultural importance, one of their branches could be found, and, inadequate as they were in the means at their disposal and in their equipment, proved indispensable credit-givers in their respective localities. Excellent service was also rendered by them in the form of assistance given to the central bank in the prosecution of its financial programmes, the notable case being the withdrawal of the old debased coins and the dissemination of the new ones. On the other hand, the Bank of Chosen was not slow in helping them out of the difficulties into which some of them fell on more than one occasion. Through their very nature they displayed a constant tendency to lock up their funds, which, by the way, consisted of capital, proceeds of debentures, and Government loans, in land and other immovables, and this made the timely assistance by the Bank of Chosen all the more necessary. It was once observed that they acquitted themselves rather poorly of their first duty, that of supplying agricultural funds, but then they had to deal with one of the most difficult banking problems in any country, viz., agricultural credit. They were certainly no less successful than most of the institutions of the same kind in Japan. In the following table are given their names, capital, and so forth as they were in September, 1918, just before the amalgamation.

Bank	Capital Sub- scribed 1,000 Yen	Capital Paid- up 1,000 Yen	Re- serve Fund 1,000 Yen	De- posits 1,000 Yen	Loans 1,000 Yen	De- bentures 1,000 Yen	Govern- ment Account 1,000 Yen
Kanko Noko Ginko...	1,000	550	148	2,879	4,906	1,000	462
Keisho Noko Ginko...	600	300	167	2,765	4,005	600	290
Heian Noko Ginko ...	200	200	18	2,432	3,789	500	396
Jenshu Noko Ginko...	300	150	104	1,451	2,061	430	60
Koshu Noko Ginko...	300	150	73	1,421	1,772	370	90
Kankyo Noko Ginko.	200	119	95	2,180	2,218	100	160
Total ...	2,600	1,469	605	13,130	18,755	3,000	1,459

Their development may be gathered from the following table :

Year	Capital Sub- scribed 1,000 Yen	Capital Paid- up 1,000 Yen	Re- serve Fund 1,000 Yen	De- posits 1,000 Yen	Loans 1,000 Yen	De- bentures 1,000 Yen	Govern- ment Account 1,000 Yen
1906 ...	1,100	503	7	163	919	450	818
1907 ...	1,200	583	37	511	2,203	450	1,003
1908 ...	"	555	103	752	2,681	1,050	1,094
1909 ...	"	"	114	2,182	4,124	1,050	1,134
1910 ...	"	"	144	3,223	6,344	990	"
1911 ...	"	818	185	4,140	8,509	1,780	"
1912 ...	2,400	1,348	386	4,469	10,456	1,780	1,479
1913 ...	2,600	1,467	479	4,699	11,583	2,990	1,469
1914 ...	"	1,469	486	4,718	11,554	2,910	1,459
1915 ...	"	"	487	6,456	11,462	2,319	"
1916 ...	"	"	440	8,017	12,713	1,739	"
1917 ...	"	"	552	9,734	17,664	3,000	"

*Development of Credit Associations :—*The local credit association in Chosen is perhaps one of the smallest institutions of the kind, at least when taken individually. In its earlier days the funds at the disposal of each association were confined to Yen 10,000 contributed by the Government, and though in later days this sum was augmented by subscription to its shares by members and by members' deposits, the amount disposable was never anything considerable. But it may be said that the very efficiency of the association rested in its smallness, which matched well the condition of the Korean peasants in days gone by. A change, however, became needful as time progressed and the economic power of the peasantry increased, so the association

regulations, originally enacted in 1907 and revised in 1914, were revised for the second time in 1918, and, as the result, not only has the scope of their operations been largely extended, but it has also been made possible to create under the same regulations town-associations administering to the needs of petty traders and merchants. The main points of the changes introduced by the new regulations may be summarized as follows :

The amount of a share hitherto fixed at Yen 10 was extended to a sum not less than Yen 10 and not more than Yen 50 ; the principle of election was recognized in the appointment of its officials, exceptions being made of certain associations for which Japanese managers appointed by the Government are required as hitherto ; the association was authorized to issue warehouse-warrants on the goods deposited with it by its members ; it may act as an agent for any bank ; and last, but not least, associations in urban districts were authorized to engage in bill discounting.

In a word, the associations are being turned into so many small banks to serve the poorer people of every class. These institutions are scattered all over the Peninsula, 391 in all, and can be approached by any farmer desirous of obtaining funds on reasonable grounds. Their development in the past is shown in the following table :

Liabilities

Fiscal Year	Capital	Founda- tion Fund	Reserve Fund and Balance from Pre- vious year	Loans	De- posits	Other Liabili- ties	Total
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
1910 ...	—	1,170	59	279	—	170	1,679
1911 ...	—	1,530	159	345	—	132	2,166
1912 ...	—	1,860	275	406	—	142	2,714
1913 ...	—	2,080	396	441	—	541	3,459
1914 ...	71	2,334	491	465	108	474	3,944
1915 ...	177	2,467	530	476	294	360	4,307
1916 ...	309	2,570	583	470	458	655	5,047
1917 ...	494	2,679	682	547	736	1,292	6,433
1918 ...	709	2,682	812	959	1,405	2,527	9,096
1919 ...	1,627	2,884	899	10,445	5,502	6,055	27,424

Assets

Fiscal Year	Ad- vances	Premises, etc.	Money at Call	Other Assets	Cash on Hand	Total
	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen	1,000 Yen
1910 ...	762	61	497	59	298	1,679
1911 ...	1,182	98	566	53	265	2,166
1912 ...	1,725	150	636	8	194	2,714
1913 ...	2,158	266	435	417	180	3,459
1914 ...	2,147	361	728	552	154	3,944
1915 ...	2,127	411	1,251	385	131	4,307
1916 ...	2,818	428	1,121	553	124	5,047
1917 ...	3,761	512	889	1,131	138	6,433
1918 ...	5,144	535	736	2,499	180	9,096
1919 ...	18,329	673	1,780	6,011	628	27,424

The Closing of the Agricultural and Industrial Banks and the Establishment of the Chosen Industrial Bank:—

We have already pointed out that the Agricultural and Industrial Banks, though excellent institutions in themselves, had many shortcomings, and these became more and more evident as they drew nearer to their closing days. The fact is that the times had changed and old institutions had to be made conformable with the altered state of things sooner or later, and, in this case, the alteration was made by closing the older institutions and establishing a new one. One of the principal shortcomings of the Agricultural and Industrial Banks was the lack of unity and co-operation between them. With different business districts, Boards of Directors, and wide disparity in capital and other resources, and varying in degree of soundness or unsoundness, each was wont to go its own way, making it extremely difficult, if not impossible, to secure the much needed co-operation and mutual assistance which, if secured, would have benefited all. In many cases funds were found lying idle in one bank while another was hard pressed for them. Another of their shortcomings was the inadequacy of capital. At the time of amalgamation the capital of the six banks amounted in the aggregate to only Yen 2,600,000, and that of the smallest one to Yen

200,000 only, and although they were granted Government loans their funds proved far from sufficient. In short, not one of them could have been anything but a weak institution had it not been backed by the Government, whereas, combined together with capital sufficiently enlarged, they were capable of being formed into a strong institution standing on its own feet, and firm enough to inspire confidence on its own merit. To remove these defects, several views were advanced, some of which favoured the establishment of a hypothec bank, such as the one in Japan, to act as the central bank, leaving the agricultural and industrial banks essentially as they were. Somehow, these opinions were dropped, but a law was issued in June, 1918, authorizing the establishment of the Chosen Industrial Bank with a capital of Yen 10,000,000, into which all the agricultural and industrial banks then in existence were to be absorbed. The shareholders of the old institutions were given share for share in the new institution, and the balance was placed on the market for public subscription. On the 1st of October, 1918, the Chosen Industrial Bank came into being, at the same time the older institutions were closed and their business transferred to the new bank. As far as appearance goes this produced but little change, since all the offices of the Agricultural and Industrial Banks, both head and branch offices, were converted into branches of the new bank, with the exception of the one in Seoul (京城) which was made the head office. But, in the internal management a complete change was made. Mr. T. Mishima, senior director of the Bank of Chosen, was appointed president of the bank while still remaining director of the Bank of Chosen. One of the directors was further chosen from the staff of the same bank, while not one director was supplied by the former institutions, although a great majority of the staff remained officials of the new bank. Thus the Chosen Industrial Bank entered upon its career in the 1st of October, 1918, quite new in most respects, yet with 46 branches, a built-up business, and a body of well-trained men. The business of the bank was, as is natural, the same in the main

as that of the old agricultural and industrial banks, but some new additions were made in order to meet the fresh requirements called forth by the recent agricultural and industrial development. The following is a brief summary of its business: (1) to make loans on the security of immovable property or the rights to immovable property, redeemable in annual instalments within a period of thirty years, or in one sum within a period of five years; (2) to make loans on the security of fishing rights, redeemable in one sum within a period of five years; (3) to make loans of the description of (1) on the security of foundations organized by law; (4) to make loans without security on the joint signatures of 20 or more farmers or industrials, redeemable in one sum within a period of five years; (5) to make loans of the description of (1) without security to public bodies; (6) to make loans of the description of (1) without security to credit associations, fishery associations, and similar other legal persons, the object of which is not money making; (7) to make loans on the security of the native products of Chosŏn or the goods necessary for native industry; (8) to make loans on National Loan Bonds or other bonds approved by the Government-General of Chosŏn; (9) to deal in bills of exchange with or without documents; (10) to subscribe to or underwrite debentures of public bodies or of companies whose object is to engage in industrial works in Chosŏn; (11) to engage in trust business; (12) to receive deposits of money, or of gold and silver bullion, and documents of value for safe keeping, etc.

The bank is authorized to issue debentures to the extent of ten times the amount of its paid-up capital, and also to engage in the business of a commercial bank for the time being.

It is yet too soon to dwell upon the doings of this new institution, but the following statement will show something of the activity it has already launched upon.

CHOSEN INDUSTRIAL BANK

Balance Sheet, December 31, 1919

Liabilities

	Yen
Capital and reserve fund	8,684,750.00
Agricultural deventures	17,500,000.00
Deposits... ..	34,883,443.72
Government account	1,459,980.60
Loans	11,297,402.46
Due to other banks	2,961,267.06
Other liabilities	2,115,261.43
Total	78,902,105.27

Assets

	Yen
Cash in hand... ..	5,068,685.55
Agricultural advances	29,371,697.42
Other advances	41,684,022.13
Investments	562,384.25
Due from other banks	616,249.02
Bank premises, etc.	1,599,066.90
Total	78,902,105.27

CHAPTER VI

THE GROWTH OF THE BANK OF CHOSŌN AND THE PART PLAYED BY IT IN THE ECONOMIC DEVELOPMENT OF CHOSŌN

Later development of the Bank of Chosŏn; Enlargement of capacity; Extension of its sphere of activity; Expansion of business; The Bank as banker to the Government; The Bank as provider of currency; The Bank as banker to other banks and as an ordinary commercial bank; The Bank as an exchange bank; The bank as preserver of public credit and regulator of money market; Position of Chosŏn as a field of the Bank of Chosŏn; The Bank and the industrial development of Chosŏn; Result of business; Half-yearly balance sheets of the Bank of Chosŏn for the past ten years compared.

*Later Development of the Bank of Chosŏn:—*The study of the foregoing pages must, on more than one occasion, have impressed the reader with the importance of the part played by the Bank of Chosŏn in the economic development of the Peninsula. Indeed, so diverse and manifold are the services rendered by the Bank that, since its establishment, there has been scarcely any reform undertaken in this country, no matter whether agricultural or commercial, which can absolutely disclaim the Bank's assistance given it in one form or another. It has done a great deal more than a central bank, as such is understood in most countries, ought to do. The history of the Bank of Chosŏn having such important relations with the economic development of the country in general, we shall certainly not be blamed if we devote one whole chapter to this important institution.

We have already described the circumstances leading

THE BANK OF CHOSEN, SEOUL (京城)



Outside view



Inside view

to the establishment of the Bank of Korea, as the Bank of Chosŏn was formerly called, the establishment itself, and also how the institution, founded as the central bank of Korea under the Japanese protectorate, was converted into one for the new territory of Japan under its altered name, the Bank of Chosŏn. It is its subsequent history, therefore, that we now proceed to give. In doing so, however, we have found it convenient to divide our narration into different divisions representing different phases of the progress and the different functions and activities of the Bank, each with its appropriate heading. Under this general heading, therefore, only the change in the personnel of the Board of Directors will be treated. The first Board of Directors, which consisted of Dr. M. Ichihara, Governor, and Messrs. R. Mizukoshi, T. Mishima, and Y. Kimura, directors, remained the same, each official being re-appointed at the expiration of his term, until the death of Dr. M. Ichihara, which took place in October, 1915. After the demise of this able Governor, under whose care the Bank made very healthy progress during the initial stage of its existence, the post was left vacant for some time, but in December following the vacancy was filled by Mr. K. Shoda, Ex-Minister of Finance of Japan. His tenure of office was very brief, for it came to an end in October, 1916, but, brief as it was, it saw much good work done, and to him is due to no small extent the rapid progress of the Bank's business in recent days. It was solely on account of his services being required for the conduct of the finance of the Empire that he resigned his post in the Bank. He was succeeded by the present Governor, Mr. S. Minobe, on the 6th of November, 1916. The same month Mr. R. Mizukoshi, one of the directors, was relieved of his office and appointed President of the Hokkaido Colonial Bank. His place remained vacant for a considerable time, but in February, 1917, Mr. S. Ohta was elected, and subsequently appointed director by the Government. He had been in the service of the Bank from its establishment, the last position he held being that of General Manager of its Manchurian Offices. Later,

at a general meeting of shareholders held in February, 1918, a motion was passed to increase the number of directors by one, and Mr. S. Katayama and Mr. K. Hamaguchi were elected as candidates, of whom Mr. S. Katayama was appointed director by the Government.

Mr. Katayama had long been in the service of the well-known Mitsui Bank. His appointment to the directorate will therefore contribute much to the development of the Bank's business. Quite recently, in consequence of the revision made in the law governing the Bank, a deputy governorship was created, and to this Mr. T. Kano was appointed by the Government.

The present Board of Directors and Auditors consists of the following gentlemen :

Governor : S. MINOBE, ESQ. ; *Deputy Governor* :
T. KANO, ESQ. ; *Directors* : T. MISHIMA, ESQ. ; Y.
KIMURA, ESQ. ; S. OHTA, ESQ. ; S. KATAYAMA, ESQ. ;
Auditors : C. ITO, ESQ. ; K. HATTORI, ESQ.

Enlargement of Capacity :—At the time of its establishment the Bank of Chosen was by no means a large institution judged by the standard of to-day. It started business with a capital of Yen 10,000,000 of which only a quarter was paid up. It had 12 branches transferred to it by the Dai Ichi Ginko, but some of these branches were exceedingly small, and there were only 21 officers, 198 clerks, and 121 servants for head and branch offices combined. Nor was there much to indicate its future importance. Even the very necessity of its existence was doubted, and some declared the advisability of having it incorporated with the Bank of Japan. A very prominent citizen of Seoul (京城) was of this opinion, and expounded his views very eloquently in a pamphlet which he published at his own expense. This same institution has developed in ten years into the Bank of Chosen of to-day—a large and prosperous institution judged by any standard, and, far from being superfluous, with a long record of useful service both to the State and to the public. A comparison of the capacity of the Bank of those days and of to-day will be

GOVERNORS OF THE BANK OF CHOSEN



Mr. S. MINOBE,
Governor



Mr. T. KANO,
Deputy-Governor

DIRECTORS OF THE BANK OF CHOSEN



Mr. T. MISHIMA



Mr. Y. KIMURA



Mr. S. OHTA



Mr. S. KATAYAMA

interesting now that the Bank is celebrating its decennial, and for that purpose the following tables are given :

Year	Capital		Re- serve Funds	Legal Limits of Fiduciary Issue
	Subscribed	Paid-up		
	Yen	Yen	Yen	Yen
1909	10,000,000	2,500,000	2,650	20,000,000
1910	"	"	"	"
1911	"	5,000,000	16,150	30,000,000
1912	"	7,500,000	57,350	"
1913	"	"	134,000	"
1914	"	10,000,000	240,000	"
1915	"	"	378,500	"
1916	"	"	518,000	"
1917	20,000,000	15,000,000	1,683,000	"
1918	40,000,000	25,000,000	2,333,000	50,000,000
1919	" *	40,000,000	4,820,000	"

* This capital of yen 40,000,000 was doubled by the resolution passed at the General Meeting of Shareholders held February, 1920, while the work was in the press.

Year	Number of Branch-Offices					Total
	Chosen	Japan	Manchuria	China	Other Countries	
1909	12	—	1	—	—	14
1910	12	1	1	—	—	15
1911	12	1	1	—	—	15
1912	12	1	1	—	—	15
1913	12	2	4	—	—	19
1914	12	2	5	—	—	20
1915	12	2	6	—	—	21
1916	12	3	9	—	—	25
1917	12	3	12	1	—	29
1918	10	3	18	4	—	36
1919	10	4	18	4	2	38

Year	Number of Officials, etc.			Total
	Officials	Clerks	Servants	
1909	21	198	121	340
1910	25	224	145	394
1911	29	242	176	447
1912	31	276	192	499
1913	30	336	200	566
1914	30	352	194	576
1915	33	370	232	635
1916	34	398	292	724
1917	45	413	361	819
1918	68	688	390	1,146
1919	99	813	499	1,411

Thus it will be seen that during the past decade the subscribed capital has increased fourfold, the paid-up sixteen-fold, the reserve fund from nil to 5 million, the legal limits of fiduciary issue two and a half times, and the number of employees nearly four and a half times, while as regards the number of offices outside the Peninsula it has increased from one to twenty-eight. A striking exception to this general expansion is the number of its Chosŏn branches, which has decreased from twelve to ten, but, in this case, shrinkage is more welcome than expansion, since it shows that the Bank, owing to the development of ordinary banks, has been able to shift some of its local business to the shoulders of local bankers, drawing so much the nearer to the ideal which it has set for itself in Chosŏn—to become a central bank as the term is understood in Japan and most advanced countries, confining itself largely to the rediscounting of bankers' bills and other business properly belonging to a central bank.

Extension of Its Sphere of Activity :—Thanks to the active policy pursued by its predecessor, the Dai Ichi Ginko, the Bank of Chosŏn had from the very beginning a branch in every commercial centre in the Peninsula with the important exception of Fusan (釜山), the branch of the Dai Ichi Ginko in that important port not being transferred to the Bank at that time. With the opening of the branch in Fusan (釜山), which occurred in April, 1910, its network of branches in the Peninsula was well nigh complete. Only three additions to the list have since been made, while as many as five offices have been struck out, making the number of branches at the present time ten, less by two than that of the branches the Bank had in its early days. Of the five branches that have been closed, three were transferred to the Agricultural and Industrial Bank, and two to the newly created Chosŏn Industrial Bank. Changes in the Chosŏn branches are shown in the following table :

Office	Date of Opening	Remarks
HEAD OFFICE:		
Seoul (京城)	Nov. 24, 1909	
BRANCH OFFICES:		
Chemulpo (仁川)	"	Taken over from Dai Ichi Ginko.
Pyengyang (平壤)	"	"
Wonsan (元山)	"	"
Taiku (大邱)	"	"
Chinnampo (鎮南浦).	"	"
Mokpo (木浦)	"	"
Kunsan (群山)	"	"
Masan (馬山)*	"	Taken over from Dai Ichi Ginko. Transferred to Chosen Industrial Bank, December 14, 1918.
Kaisung (開城)*	"	Taken over from Dai Ichi Ginko. Transferred to Agricultural and Industrial Bank, February 28, 1910.
Hamheung (咸興)*	"	Taken over from Dai Ichi Ginko. Transferred to Agricultural and Industrial Bank, June 18, 1910.
Kyungsung (鏡城)*	"	Taken over from Dai Ichi Ginko. Transferred to Agricultural and Industrial Bank, April 30, 1910.
Sungchin(城津)*	"	Taken over from Dai Ichi Ginko. Transferred to Agricultural and Industrial Bank, December 8, 1912.
Fusan (釜山)	Apr. 18, 1910	
Ranam (羅南)	May 1, 1910	
Shinwiju (新義州)*	June 1, 1910	Transferred to Chosen Industrial Bank, December 14, 1918.
Hoilyung (會寧)	Nov. 24, 1912	Taken over from Kankyo Noko Ginko.

Remark:—*Offices closed.

Up to the year 1913, the operations of the Bank were mainly confined to the Peninsula. The path of the Bank

during this time was no rosy one. The country was often visited by severe business depression, tightness of money, prevalence of speculative manias, and other financial calamities, which not infrequently brought it to the verge of crises more or less dangerous. It was no easy task to look after the public interest under such circumstances and maintain the public credit, which was then by no means solid. Besides, the arduous task of coinage reform was still going on. New enterprises were in need of tender care, and many public undertakings, both Government and municipal, required accommodation. All this kept the Bank extremely busy. It had neither the time nor the will to expand abroad. It was also during this period that the import-excess, to which references have frequently been made, was in full swing. Year after year imports exceeded exports by enormous amounts, and the incoming capital, considerable as it was, was not sufficient to offset the difference. The consequence was that, as every student of economics knows well, the Bank encountered very great difficulty in maintaining the stability of its specie reserve. A raising of the bank rate was sure to relieve the Bank of this difficulty by calling in home capital, and discouraging imports. But this could not be done without interfering with the industrial progress then going on, for which cheap money was most necessary. This difficulty outlived all other difficulties, and, such is the irony of fate, it was this very difficulty that led the Bank to extend its operations to fields outside the Peninsula.

Failing to see equilibrium of trade established in Chosŏn, it desired to see it maintained in its field taken as a whole by widening it abroad. To put it in clearer terms, the Bank wanted to make good what Chosŏn was losing on account of its import-excess with that which Manchuria was gaining by its large exports. To buy Manchurian export bills and thereby create a balance abroad, mostly in Japan, to meet the ever-increasing obligation of Chosŏn was the first object of its Manchurian expansion. There was nothing aggressive in its scheme.

The history of the Bank of Chosen in Manchuria constitutes one of the most interesting parts in its history, but this will be treated in our work on that country. It will suffice for the present to know that the business of the Bank, which was of a purely domestic nature in its early days, has assumed an international character, that its operations were first extended to Manchuria, where it has already established 18 branches, and that, in that portion of Manchuria under Japanese jurisdiction, the Bank has acquired the same position it has in Chosen, that is, that of the central bank.

It is only natural that the development of business in Manchuria should make the Bank's relations with other parts of China so much the closer. The reduction of Tsingtao (青島) by the Japanese army at the commencement of the Great War made that famous German port in the Orient practically Japanese. It was there that the first branch of the Bank in China was established (October, 1917). Then, of course, the Bank could no longer get along without a branch in Shanghai (上海), the great commercial metropolis of China. That was established in April, 1918, and was followed by others in Tientsin (天津) and Chinan (濟南), the former, the well-known North Chinese port, and the latter, the starting point of the Shantung Railway (山東鐵道) and a populous thriving commercial city, also in North China. Four branches were thus established in China during a period of about one year. In Siberia the activity of the Bank was much hampered on account of the fact that foreign banks were not permitted to open branches there. The Siberian business of the Bank was, therefore, been mostly carried on through its branch at Harbin (哈爾濱), a city which, though located on Manchurian soil, is prominently Russian in character, and also through the Matsuda Bank, Vladivostok (浦鹽斯德), the interests of which were acquired by the Bank long ago. The long-deferred permission for the establishment of a branch in Vladivostok (浦鹽斯德) was, however, finally obtained, and the branch of the Bank there was opened to

business in December 1919. The recent move of the Japanese army into Siberia in the allied cause has proved instrumental in extending the Bank's business into the heart of Siberia. The Bank was requested by the military authorities to follow in their wake and engage in the exchange of military notes and other financial business. At first a number of officials were despatched to follow the troops, but as they went along it was deemed necessary to have offices. Thus offices have been established in Tsitsihar (齊齊哈爾) and Manchouli (滿洲里), both in Manchuria, and at Chita, Habarovsk, and Blagovestchensk in Siberia, but the Siberian offices, owing to their temporary nature, are not yet regarded as branches.

Along with the expansion of its operations in Manchuria, China and Eastern Siberia, the business of the Bank in Japan proper, notably in the two great monetary centres, Tokyo and Osaka, grew in importance, and this led the Bank to take an active part in most financial operations of Japan, and, as a member of the syndicate of great banks there, it contributed much to the furtherance of the allied cause in its financial aspects during the recent War. The Osaka office was the first branch opened in Japan (September, 1910), and the Tokyo one the second (April, 1913). The growth of the foreign exchange business further necessitated a branch in Kobe, which was established in October, 1916. Another in Shimonoseki has just been opened, making the number of branches in Japan four in all.

With the extension of its sphere of activity to adjacent countries, the relations of the Bank with the world at large became closer, and foreign exchange came to figure prominently in the business of the Bank. The recent expansion in the exports of Manchurian staple products, notably that of soya bean oil to America, has accelerated this tendency, involving exchange operations on a far larger scale than ever before. In order to meet this new demand, much has been done by the Bank, including the training of its staff, reorganization of departments, and creation of new connections



Fusan (釜山) Branch of the Bank of Chosen



Chemulpo (仁川) Branch of the Bank of Chosen

abroad, all with the purpose of fitting them for the new activity the Bank is destined to play in the international field.

In November, 1919, an agency in the Bank's name was opened in New York, with a view to further facilitating its business in America, and it is expected that it will not be long before the Bank is represented by its branch in London also.

The Bank is now represented by its branches in the following places outside the Peninsula.

Country	Location of Office	Date of Opening
JAPAN	Osaka	September 12, 1910.
	Tokyo	April 10, 1913.
	Kobe	October 14, 1916.
	Shimonoseki	February 17, 1919.
CHINA	Tsingtao (青島)	October 22, 1917.
	Shanghai (上海)	April 10, 1918.
	Tientsin (天津)	September 20, 1918.
	Chinan (濟南)	October 25, 1918.
	Antung (安東)	November 24, 1909.
	Mukden (奉天)	July 15, 1913.
	Dairen (大連)	August 20, 1913.
	Changchun (長春)	September 5, 1913.
	Szupingchieh (四平街)	February 14, 1914.
	Kaiyuan (開原)	September 15, 1915.
	Harbin (哈爾濱)	July 15, 1916.
	Yingkow or Newchwang (營口或牛莊)	September 15, 1916.
	Fuchiatien (傅家甸)	December 1, 1916.
	Lungchingsun (龍井村)	March 22, 1917.
	Kirin (吉林)	June 1, 1917.
	New Town, Mukden (奉天新市街)	November 1, 1917.
MANCHURIA	Port Arthur (旅順)	January 1, 1918.
	Liaoyang (遼陽)	" " "
	Tiehling (鐵嶺)	" " "
	Chengchiatun (鄭家屯)	March 1, "
	Manchouli (滿洲里)	September 22, 1918.
	Tsitsihar (齊齊哈爾)	November 15, "
U. S. A.	New York	November 1, 1919.
SIBERIA	Vladivostok (浦鹽斯德)	December 1, 1919.

Expansion of Business :—In order to give an idea of the progress of the business of the Bank of Chosen during

the decade, we have prepared the following table giving the three principal items of a balance sheet, viz., Deposits, Advances, and Grand Total of All Items, as they appeared in the Annual Statements of the Bank for the past ten years :

Year	Deposits		Advances		Grand Total of All Items	
	Yen	Index No.	Yen	Index No.	Yen	Index No.
1909 Dec.	7,631,641	100	19,624,527	100	32,876,475	100
1910 "	5,960,650	78	22,193,052	113	36,184,030	110
1911 "	6,978,281	91	21,897,610	112	41,417,293	126
1912 "	14,169,878	166	32,506,391	166	52,605,385	160
1913 "	20,801,925	273	37,532,657	191	59,655,042	182
1914 "	17,598,504	231	37,076,012	189	57,799,695	176
1915 "	18,588,601	244	42,862,501	218	70,144,220	213
1916 "	33,033,410	433	59,487,286	303	98,955,683	301
1917 "	88,413,372	1,159	113,335,498	578	186,161,717	566
1918 "	218,960,149	2,869	254,290,517	1,296	398,061,136	1,211
1919 "	194,300,800	2,546	398,586,782	2,031	590,012,365	1,825

The figures for the first year may well be taken as representing the amounts of the respective items transferred by the Dai Ichi Ginko, there having been only 33 working days between the transfer and the end of the year when the annual statement was compiled.

The table will show that the deposits have increased during the past 10 years from Yen 7,631,641 to Yen 194,300,800, or about 25 times, advances from Yen 19,624,627 to Yen 398,586,782, or about 20 times, while the grand total of all items of the balance sheet has expanded from Yen 32,876,475 to Yen 590,012,365 or about 18 times. This is indeed extraordinary progress, the reason for which we will now try to set forth.

Of the many causes which have contributed to the rather remarkable expansion of the business of the Bank of Chosen during the past decade, three causes may be said to stand out prominently : (1) the development of Chosen itself ; (2) extension of the sphere of activity abroad ; (3) the favourable turn of the times.

Of the first cause, that is, the development of Chosen

itself, enough has been said in preceding chapters, and it only remains to be seen here what has been the effect of that development on the business of the Bank. For this it is necessary to ascertain the amount of business done by its Chosen offices alone, and the following table will answer the purpose fairly well.

Year	Deposits		Advances	
	Yen	Index No.	Yen	Index No.
1909 December	7,320,301	100	17,749,802	100
1910 "	5,470,415	75	20,280,187	114
1911 "	5,905,463	81	20,936,352	118
1912 "	13,245,671	181	30,944,187	174
1913 "	18,674,212	255	32,604,417	184
1914 "	16,055,199	219	31,748,900	179
1915 "	15,781,898	216	30,210,422	170
1916 "	17,288,087	236	35,650,426	201
1917 "	20,923,336	286	49,445,650	279
1918 "	31,830,760	435	65,579,269	369
1919 "	38,058,360	511	121,228,886	683

The above table shows in effect that deposits have expanded by a little more than 5 times, and advances nearly 7 times. The expansion has practically kept pace, after allowance being made for the business the Bank has transferred to other banks, with the economic development of the country as shown by its external trade, which has expanded during the same period from Yen 60,778,132 to Yen 506,507,832, or more than 8 times. Rapid as has been the progress of business relative to Chosen, that this alone can not explain the progress of the Bank as a whole, which in comparison with that of Chosen shows nearly 6.1 times as great in deposits and 3.3 times in advances, is quite clear.

Here we must take into consideration the Bank's expansion abroad, which constitutes the second cause. How this second cause has come to play so important a part in the Bank's history has already been explained. Let us now quote the figures for the same items with regard to other fields.

Year	Deposits		Advances	
	Yen	Index No.	Yen	Index No.
1909 December	311,340	100	50,670	100
1910 "	490,236	157	1,912,866	3,775
1911 "	1,072,818	345	961,258	1,897
1912 "	924,207	297	1,562,204	3,083
1913 "	2,127,713	683	4,928,240	9,726
1914 "	1,543,305	496	5,327,113	10,513
1915 "	2,805,702	901	12,652,079	24,970
1916 "	15,745,319	5,057	25,978,975	51,271
1917 "	67,490,036	21,677	76,781,564	151,532
1918 "	187,129,389	60,105	216,783,791	427,840
1919 "	156,235,800	50,236	196,697,425	385,680

Thus, it will be seen that the progress of the Bank's business in fields other than Chosen is much faster, which is but natural, seeing that in Chosen, the Bank, having the whole country for its field from the beginning, had but to wait for the development of its economic force for expansion in its own business, while, in the other countries, it has had the advantage of adding field after field to its sphere of activity at its own pleasure.

With regard to the third cause, that is, the favourable turn of the times, a new table is not needed. Each of the foregoing tables shows that the figures have increased abruptly since 1915, when the favourable effect of the European War began to affect this part of the world.

It would be erroneous however to attribute the recent growth of the Bank of Chosen entirely to the business prosperity which the Great War caused in this part of the world. Without the War and without the prosperity which the War caused, the Bank of Chosen would have made good progress, if not quite so fast. Yet at the same time, it would be equally wrong to deny to the War prosperity the great part it has played in the bringing about of the sudden expansion of the Bank's business in recent days. Lamentable as it was in any and every sense man can conceive, the Great War in Europe called forth the dormant energy of this and surrounding countries, and although the effect was, of course, not so great as in the countries nearer

the seat of the War or in Japan proper, yet it was sufficient to give them a prosperity never known before, and the business of the Bank expanded correspondingly.

The Bank as Banker to the Government:—Apart from the various services rendered by it of its own accord for the public good of the country, the Bank, as a central credit institution vested with the privilege of note-issue, has been from time to time required by the Government to render specific services to the State. Such are (1) Handling of National Treasury Money, (2) Coinage Reform, (3) Advances to the Government, (4) Subscription for, and purchase of, Government Bonds, (5) Loans to various public bodies, etc. These will be taken in order and considered.

(1) Handling of National Treasury Money: From its establishment in 1909 to the time when Korea was made part of the Empire of Japan in the following year, the Bank of Chosen, then called the Bank of Korea, conducted the National Treasury business for the Korean Government, and ever since has taken charge of it for the Imperial Government of Japan. It has, as the Main Treasury of Chosen, 23 Sub-Treasuries, including 10 branches of the Bank and 13 other banks. The system of making the local post offices handle Treasury Money has been in vogue in Chosen since 1906 with excellent results. The satisfactory working of the Treasury business with so small a number of sub-treasuries is largely due to this fact. The post offices thus helping in the Treasury business numbered 454 at the end of March, 1918.

The amount of State Money yearly handled by the Bank in Chosen since its establishment is shown in the following table:

Fiscal Year	Receipts	Disbursements	Total
	Yen	Yen	Yen
1909	39,901,578	39,361,544	79,263,122
1910	188,796,201	181,225,213	370,021,414
1911	245,849,619	247,419,968	493,269,587
1912	243,451,682	248,075,613	491,527,295
1913	239,825,399	239,391,684	479,217,083

Fiscal Year	Receipts					Disbursements					Total				
	Yen					Yen					Yen				
1914	265,182,223					264,071,616					529,253,839				
1915	299,316,790					301,666,619					600,983,409				
1916	355,652,991					355,281,511					710,934,502				
1917	343,240,996					343,377,160					686,618,156				
1918	445,279,271					444,433,615					889,712,886				

The National Treasury Business in Manchuria was conducted by the Yokohama Specie Bank until quite recently, but, at the close of 1917, it was transferred to the Bank of Chosen. The Main Treasury is located in Dairen (大連), and it has one sub-treasury and four detached offices. The receipts and disbursements of State Money handled in 1919 in Manchuria were Yen 91,224,298 and Yen 87,534,843 respectively making a total of Yen 178,759,142.

(2) Coinage Reform: When Japan began to be actively concerned in the internal affairs of Korea, her first attention was called to the necessity of effecting a decided reform in the coinage of the country which was at the time in a most wretched condition. This difficult task of coinage reform was entrusted to the Dai Ichi Ginko, then the central bank *de facto*, which executed it so speedily and successfully that, when the Bank of Chosen was established and the work handed over to it, the greater part of it had been accomplished. The old nickel coins, the most injurious of the Korean coins, had nearly all been withdrawn and replaced by new coins, and the copper cash was fast sharing the same fate.

All that the new Central Bank had to do was to withdraw what old coins remained and substitute for them new ones. In the prosecution of this work the Bank was assisted by local banks and credit associations, to which new coins were supplied in the form of a loan without interest. The work continued till after the annexation, and it was not until February, 1911, that the special department created for that purpose was closed. From the time when the work was taken over by the Bank up to this time, the new coins, silver and copper, put into circulation amounted to

Yen 1,947,500 and Yen 131,070 respectively, while the old coins withdrawn, including nickel, copper, bronze and silver coins, and cash, amounted to Yen 2,212,273.

Though the new coins thus came to be used throughout the country, the new state of things gave rise to another task to be accomplished by the Bank. The new coins above referred to were coined according to the old Korean Coinage Law, and although they were the same as Japanese coins in weight, fineness, and form, they were yet somewhat different in impression. It became necessary therefore to replace them with Japanese coins as it is the policy of Japan that the subsidiary coins shall be the same in all parts of her domains. This the Bank is assiduously doing, with the assistance of local banks and credit associations, in much the same way it followed with regard to the old Korean coins. The work is progressing very satisfactorily, and it is confidently expected that it will not be long before no more Korean coins of any description will be found in circulation in this country.

(3) Advances to the Government: (a) Advances to the old Korean Government: At the very outset of its existence the Bank received two orders from the Korean Government, one relative to the handling of State money and the other to coinage reform. In the former order, it was provided that, should payments on account of the Treasury exceed the amount deposited, an overdraft to the extent of one million yen should be allowed. The latter order relative to coinage reform provided that, should the expenditure required for the reform exceed the receipts, the deficit should be made good by the Bank on condition that the Government paid interest on such deficit at the rate of six per cent. The advances made in accordance with these orders stood as follows at the end of the three half-years during which period they remained outstanding:

Year		Overdraft on Treasury Account	Overdraft on Coinage Reform Account	Total
		Yen	Yen	Yen
1909	2nd Half-year...	—	7,979,910.67	7,979,910.67
1910	1st " ...	—	8,585,359.94	8,585,359.94
"	2nd " ...	154,764.53	7,174,590.07	7,329,354.60

As a result of the annexation these debts of the Korean Government were made good by the Imperial Government of Japan in March, 1911.

(b) Advances to the Imperial Japanese Government : When Japan brought Korea under her sway she saw that a great many things were left undone that ought to be done. For instance, there were railways to be laid, roads to be improved and extended, and harbours to be constructed. To meet the expenditure required for such public enterprises the Government of Japan formulated in 1911 a project to raise Yen 56,000,000, either by floating a public loan or by resorting to borrowing. The bill passed the Diet and a law was published in March, 1911, containing the following clauses :

"For defrayment of expenditure required for enterprises in Chosen, the Government may issue public loans for a term not exceeding fifty-five years, or borrow for a term not exceeding three years."

"The amount raised by public loans or by borrowing shall not altogether exceed fifty-six million yen."

Since the financial situation, both at home and abroad, was at this time particularly unfavourable for floating such public loans, borrowing was resorted to, and the Bank, being approached on this matter, responded to it with readiness, as it was seen to be a rare opportunity for rendering good service to the country, the welfare of which it always had in mind.

The advances thus made to the Government at eight different times amounted altogether to Yen 28,094,677, the balance outstanding at the present date being Yen 5,500,000.

(4) Subscription for, and Purchase of, Government Bonds: This is another way in which the Bank rendered service to the Government. To enumerate such bonds:

(a) Doso (導掌) Grant Loan: This loan was issued by the Korean Government in 1910 in order to raise funds required for grants to be made to the land-agents of the Royal Family, their services being dispensed with on account of the reforms effected in the management of such lands. The Bank took up the entire loan at par value, amounting in all to Yen 116,825. The loan was taken over by the Japanese Government later on and was paid up in full in March, 1913.

(b) Imperial Grant Loan: This loan, Yen 30,000,000 in all, was contracted at the time of annexation. The bonds which bear 5 per cent. interest were granted to the Korean peers and to local public corporations of the Peninsula as a gift from His Majesty the Emperor of Japan to his new subjects. These bonds the Bank was ordered to purchase, at par value, when requested to do so by the recipients or their heirs, provided Government permission for their sale had been obtained. Requests came in large numbers, and by the end of 1914 the total amount purchased had reached Yen 5,950,000. But many of the bonds thus purchased have since been disposed of, reducing the holdings of the Bank at the end of the year 1919 to Yen 3,612,500.

(c) Chosen Public Works Exchequer Bonds: These bonds which bear 5 per cent. interest were issued by the Government for the purpose of defraying the expenditure required for public works in Chosen. On their flotation the Bank took the lead in subscribing for them in co-operation with prominent banks in the home land.

(5) Loans to Various Public Bodies: Prior to the annexation the Japanese municipalities in various parts of the Peninsula were much in need of funds with which to provide themselves proper roads, schools, sanitary systems, etc. Their ordinary revenue not being sufficient to meet these expenditures they had to resort to loans, which, however, were not easy to obtain, as the loans must

necessarily be for long terms and bear low interest. These needs were met by the Bank, and no less than Yen 2,720,000 was advanced for these purposes. With the abolition of the Japanese municipalities consequent on the annexation, their debts to the Bank were transferred to the Prefectural Governments, or to what are called "School Association", according to the nature of the debts.

The progress of the Government accounts is shown in the following table :

Year				Advances by Govern- ment Outstanding	Advances to Govern- ment Outstanding
				Yen	Yen
1909	December	...	...	1,230,000	—
1910	June	...	...	"	—
"	December	...	...	1,220,000	—
1911	June	...	...	"	2,094,677
"	December	...	...	1,210,000	4,594,677
1912	June	...	...	"	12,094,677
"	December	...	...	1,200,000	10,094,677
1913	June	...	...	"	10,500,000
"	December	...	...	"	7,500,000
1914	June	...	...	"	"
"	December	...	...	"	"
1915	June	...	...	"	"
"	December	...	...	"	"
1916	June	...	...	"	"
"	December	...	...	"	"
1917	June	...	...	"	"
"	December	...	...	"	"
1918	June	...	...	"	"
"	December	...	...	"	5,500,000
1919	June	...	...	"	"
"	December	...	...	"	"

The Bank as Provider of Currency :—The first bank-note in Korea on a gold basis was that issued by the Dai Ichi Ginko in 1902. Up to that time the people of the Peninsula had used only cash and the nickel coin, which was introduced into the country some time previously, with a sprinkling of silver and bronze ones, and they were therefore entirely unaccustomed to this new form of currency. Naturally they were greatly prejudiced against it, and its circulation was much hampered on this account. The lapse

of years, however, together with the progress made in the coinage reform work, which was accomplished with great success in later years as narrated elsewhere, removed this prejudice, and by the time the Bank of Korea, as the Bank of Chosen was then called, was founded, the Dai Ichi Ginko note was circulating fairly freely throughout the country.

On the formation of the Bank this privilege of note issue was withdrawn from the Dai Ichi Ginko and conferred upon the Bank. Consequently, the notes then outstanding to the amount of Yen 11,833,127 were taken over by the Bank, and, by provisions of the law, regarded as having been issued by the Bank itself. These were gradually replaced by the Bank of Korea notes and later by the Bank of Chosen notes, and to-day there are practically none of these older bank-notes left in the market.

The law relative to the note-issue of the Bank of Chosen has been framed on the same lines as that of the Bank of Japan. The main provisions are as follows:

1. The Bank shall provide the same amount of reserve in gold coins, gold and silver bullion, and Bank of Japan notes as that of the Notes issued, provided that the silver bullion shall not exceed one-quarter of the reserve.

2. Besides issuance on the reserves prescribed above, the Bank may issue bank-notes on the security of National Loan Bonds, and of other bonds and commercial papers of a reliable nature, to an extent not exceeding twenty million yen.

3. In addition to the issue provided in the last two clauses, further issue may be made on the security of National Loan Bonds, and of other bonds and commercial papers of a reliable nature, subject to sanction of the Governor-General of Chosen, when such issue is necessitated by the condition of the market, provided that, in such case, the Bank shall pay to the Government an issue-tax of at least five per cent. per annum on the amount of such issue in pursuance of the order of the Government.

From the time that the privilege of note-issue was

granted to the Bank up to the present time, the progress of note-issue has been on the whole highly satisfactory. Not only did its amount increase rapidly, but its sphere of circulation expanded. We have already seen that, at the time of its establishment, the notes then in circulation amounting to Yen 11,833,127.80 were made over to the Bank by the Dai Ichi Ginko by which they were issued. This constitutes the first note-issue of the Bank. The amount had increased to Yen 163,600,056 by the end of 1919, showing an expansion of nearly 14 times.

This increase in circulation of the Bank's notes is, of course, largely due to the economic growth of Chosen, but at the same time is the result in no small measure of the extension of their sphere of circulation to Manchuria. Especially is this now the case, since, by a legislative measure, they were made in December, 1918, the legal tender in Kwantung Province (關東州) and the South Manchuria Railway Zone, in and along which all the important cities in Manchuria are located. They are now pushing their way far into the interior, and even into Mongolia. The exact amount in circulation in Manchuria cannot be ascertained, but it is estimated at something like fifteen million yen. They are also in circulation in Tsingtao (青島), though the amount is still very small.

In the recent enactment of the law extending the Bank's power of note-issue on security reserve from Yen 30,000,000 to Yen 50,000,000, these facts were taken into consideration as much as those occasioned by the general economic expansion in the home land.

Issue of Fractional Bank-Notes in Manchuria: This is a novel attempt made by the Bank of Chosen for the purpose of supplying the people with small money, from the lack of which they were suffering. The notes are of three denominations, viz., 10 sen, 20 sen, and 50 sen, and were first issued in June, 1916. They are growing in popularity, and the amount in circulation stood at Yen 1,699,094 at the end of 1919.

CIRCULATION OF THE BANK OF CHOSEN NOTES

Half-year	Highest Record		Lowest Record		At Half-year End	Index No.
	Date	Amount Yen	Date	Amount Yen		
1909 2nd Dec.	27	13,545,300	Nov. 20	11,833,127	13,439,700	100
1910 1st Mar.	7	13,882,061	Jan. 29	12,844,360	13,255,000	99
" 2nd Dec.	31	20,163,900	July 15	13,107,500	20,163,900	150
1911 1st June	30	22,047,000	Mar. 4	18,288,000	22,047,000	164
" 2nd Sept.	6	27,151,600	July 15	21,843,000	25,005,540	186
1912 1st April	1	28,609,330	Feb. 19	22,245,930	24,539,300	183
" 2nd Dec.	1	27,595,010	July 2	24,609,300	25,550,400	190
1913 1st Jan.	1	25,550,400	June 10	19,129,600	19,587,790	146
" 2nd Dec.	24	26,803,960	Aug. 19	19,107,090	25,693,260	191
1914 1st Jan.	1	25,693,260	June 17	18,205,550	19,470,050	145
" 2nd Dec.	21	22,888,670	Aug. 14	17,750,020	21,850,370	163
1915 1st Mar.	31	23,501,460	Feb. 28	20,667,560	22,360,230	166
" 2nd Dec.	31	34,387,520	July 14	21,534,430	34,387,520	256
1916 1st Jan.	1	34,387,520	Mar. 14	27,210,020	29,170,010	217
" 2nd Dec.	25	46,846,630	July 13	28,008,500	46,627,080	347
1917 1st Jan.	1	46,627,080	May 12	36,125,680	39,893,780	297
" 2nd Dec.	29	63,110,289	July 1	39,893,780	67,364,949	501
1918 1st Jan.	4	67,682,656	May 24	61,694,808	62,516,307	443
" 2nd Dec.	31	115,523,670	July 11	81,924,746	115,523,670	860
1919 1st Jan.	1	115,523,670	April 18	85,492,794	102,797,339	765
" 2nd Dec.	29	163,888,125	July 9	101,021,995	163,600,056	1,217

The Bank as Banker to Other Banks and as an Ordinary Commercial Bank:—The Bank of Chosen has been established largely after the model of the Bank of Japan. In their duty to the Government, in the provisions as to the note-issue, and in the kinds of business they are allowed to undertake, the two institutions are essentially the same, at least so far as the wording of the laws goes. In practice, especially in one respect, however, there is a great difference. While the Bank of Japan is preëminently the bank of banks, its customers being chiefly bankers and its chief business the rediscounting of bankers' bills, the Bank of Chosen does not differ much in either of these respects from ordinary commercial banks. In other words the latter is vested with a double character, that of a central, and that of an ordinary commercial bank. This difference

in character between the two banks had its origin in the different conditions prevailing in the two countries at the time of their establishment. When the Bank of Japan was founded, Japan had already a large number of commercial banks, mostly national banks organized after the model of the national banks of the United States of America, and one of its chief aims was to adjust their conditions and administer to their needs. Naturally it has come to be what it is. On the other hand, Chosen, at the time of the establishment of the Bank, had but very few commercial banks, and the Bank succeeded to the business of the largest and most influential one among them, the Dai Ichi Ginko, leaving behind only two or three small Japanese branch banks and as many, but much smaller, native banks. Naturally the Bank was required to fill up the gap, hence came this double character.

The ultimate ideal of the Bank of Chosen, in so far as the Peninsular domain of Japan is concerned, is, however, to become to it what the Bank of Japan is to Japan, and for this purpose the development of the local banks has always been desired and encouraged by it. Almost every year that has elapsed since its establishment has witnessed the Bank getting nearer this ideal, yet, at the same time it must be admitted that its success along this line has hardly been as great as it has been in other respects. The first reason for this is that there is not yet in the country a sufficient number of ordinary banks thus to be administered to by the Bank. The second reason may be found in the fact that most commercial banks doing large business in the country are branches of the Japanese banks and so need not depend on the Bank of Chosen in ordinary times. They can draw freely on the resources of their home offices, and it is only when they find it profitable to do so that they choose to come to the Bank for accommodation. Naturally the business of rediscounting bankers' bills has not developed quite as fast as desired. Its absolute amount has a tendency to increase, keeping pace with the increase of most other advance items, though subject to violent fluctuations, but its percentage to the whole advances shows but slight increase.

The same thing may be said of Bankers' deposits with the Bank. The progress of these two items is shown in the following table :

Year		Deposits from Bankers	Percentage to the Whole Deposits	Advances to Bankers	Percentag to the Whole Advances
		Yen	%	Yen	%
1909	Dec.	3,643,495	49.8	60,700	1.7
1910	June	890,496	19.2	280,980	7.6
"	Dec.	916,532	16.8	762,211	14.2
1911	June	941,472	15.7	565,299	10.6
"	Dec.	421,706	7.2	1,134,438	12.4
1912	June	776,722	8.1	523,733	5.7
"	Dec.	493,796	3.7	2,650,779	19.1
1913	June	596,767	2.8	1,848,117	13.3
"	Dec.	381,079	2.1	2,679,267	14.6
1914	June	480,206	2.8	1,984,124	13.2
"	Dec.	441,920	2.8	3,390,655	18.7
1915	June	1,623,672	9.4	1,558,783	10.6
"	Dec.	1,110,752	7.0	2,721,001	16.0
1916	June	1,961,171	11.3	1,612,915	10.8
"	Dec.	936,101	5.4	2,796,607	12.5
1917	June	2,195,149	10.7	1,950,508	10.2
"	Dec.	2,343,033	11.2	8,256,725	24.8
1918	June	793,365	2.7	4,149,387	8.7
"	Dec.	1,672,783	4.3	9,985,533	15.2
1919	June	3,619,265	10.3	12,154,461	17.6
"	Dec.	4,609,954	12.1	25,133,904	20.7

The progress of the Bank as an ordinary commercial bank forms but the counterpart of what has been observed with regard to its progress as the Bank to other bankers. It has been rapid in spite of the policy pursued by the Bank, and, as yet, by far the greater part of the commercial credit in demand in the Peninsula is supplied by the Bank itself direct, and since Chosen is growing fast in commerce, the amount of commercial funds thus lent out by the Bank direct or through other banks is rapidly increasing. This is shown in the following table, in which the money lent out for other purposes is added by way of comparison.

Year	For Commercial Purposes	For Other Purposes	Total	Advances Made to Bankers
	Yen	Yen	Yen	Yen
1909 December.	2,593,022	1,035,764	3,628,786	60,700
1910 June ...	2,215,037	1,492,405	3,707,442	280,980
„ December.	3,695,326	1,663,319	5,358,645	762,211
1911 June ...	3,275,925	2,029,147	5,305,672	565,299
„ December.	6,026,521	3,115,967	9,142,488	1,134,438
1912 June ...	5,486,254	3,653,709	9,139,963	523,733
„ December.	10,124,374	3,789,347	13,913,721	2,650,779
1913 June ...	9,612,429	4,272,776	13,885,205	1,848,117
„ December.	13,956,822	4,388,753	18,345,575	2,679,267
1914 June ...	10,183,033	4,834,624	15,017,657	1,984,124
„ December.	11,879,435	6,248,097	18,127,532	3,390,655
1915 June ...	8,260,971	6,373,894	14,634,865	1,558,783
„ December.	11,178,942	5,817,629	16,996,571	2,721,001
1916 June ...	8,506,148	6,429,550	14,935,698	1,612,915
„ December.	15,824,655	6,478,234	22,302,889	2,796,607
1917 June ...	13,093,768	6,011,807	19,105,575	1,950,508
„ December.	25,293,240	7,958,692	33,251,933	8,256,725
1918 June ...	23,440,076	8,446,098	31,886,174	4,149,387
„ December.	37,747,711	14,413,951	52,161,662	9,985,533
1919 June ...	48,311,984	7,285,245	55,597,229	12,154,461
„ December.	95,812,966	8,109,728	103,922,694	25,133,904

But the greater activity of the Bank of Chosen in its capacity as an ordinary commercial bank is seen in fields outside Chosen. In Manchuria, in China, in Eastern Siberia, and in Japan proper, it has been chiefly in the capacity of a leading commercial bank that it has attained its present importance, and the privileged position it has acquired in a portion of Manchuria at a later period is nothing but a result of the dominating influence it has acquired in this capacity.

The Bank as an Exchange Bank:—A further comparison of the Bank of Chosen with the Bank of Japan will reveal the fact that, though the former is the smaller of the two, it transacts a greater variety of business than the latter. The Bank of Japan in its early days found it expedient to depute its foreign business to another Government Bank, the Yokohama Specie Bank, and this practice has been adhered to to this day. Here in Chosen, the Bank of Chosen does all. At the beginning of its career the exchanges dealt in by the Bank were necessarily of a domestic

nature, in which term Japan is included, and what few dealings it had in foreign exchanges were made through the medium of exchange banks in Japan, such as the Yokohama Specie Bank. But as the network of branches in Manchuria spread, taking in such a great port as Dairen (Dalny 大連), the foreign trade of which port alone nearly matches that of all the open ports of Chosen put together, such a method could not but prove very inadequate. Consequently the Bank took steps to establish direct connections with foreign banks, not only in European and American centres but in many other places of lesser importance. The first London bank with which the Bank came in contact was the London City and Midland Bank, of which the renowned Sir Edward Holden was president. This took place in December, 1914. The relation thus started between the two institutions has since developed into a very cordial one, and the Bank owes much of the progress of its business in the World Metropolis to this good old institution. Other institutions, including such famous names as Guaranty Trust Company of New York, Irving National Bank, National Bank of Commerce, and Canadian Bank of Commerce have since been included in the list of the Bank's correspondents. Meanwhile, the northward advance of the Bank resulting in the establishment of a branch office in Harbin (哈爾濱), and in the affiliation of the Matsuda Bank in Vladivostok (浦鹽斯德), as well as its southward progress into China resulting in the establishment of branch offices in Tsingtao (青島), Shanghai (上海), Tientsin (天津), and Chinan (濟南), further accelerated this tendency, so much so that the foreign business has now become one of the most important operations of the Bank. The extension of the Bank's business to Japan has also contributed to the growth of this particular business. With its large market, and the close relationship with foreign countries, the Tokyo branch of the Bank is becoming more and more the actual centre of the foreign operations. At this moment the Bank has 94 correspondents in Chosen, 298 in Japan and Formosa (臺灣), 43 in

Manchuria and other parts of China, and 70 in Europe, America, and other lands. The foreign business having thus attained importance only quite recently, the earlier statements of the Bank have no separate account for it, and it is only since the 2nd half of 1916 that it is being separately recorded. The following two tables include, therefore, both domestic and foreign exchange operations.

DRAFTS ISSUED AND PAID

Half-year	Year	Drafts Issued Yen	Drafts Paid Yen	Total Yen	Index Number
1909	2nd...	5,397,466	7,160,493	12,557,959	*
1910	1st ...	21,384,611	20,303,101	41,687,712	100
	„ 2nd ...	33,829,429	31,995,970	65,825,399	158
1911	1st ...	30,812,610	27,763,129	58,575,739	140
	„ 2nd ...	37,462,749	35,798,078	73,260,827	176
1912	1st ...	40,512,146	37,300,417	77,812,563	187
	„ 2nd ...	49,663,870	46,132,446	95,796,316	230
1913	1st ...	55,667,996	51,264,341	106,932,337	257
	„ 2nd ...	55,152,485	54,575,409	109,727,894	263
1914	1st ...	49,898,574	48,678,827	98,577,401	236
	„ 2nd ...	51,522,344	49,850,073	101,372,417	243
1915	1st ...	57,044,641	54,076,496	111,121,137	266
	„ 2nd ...	61,145,601	61,539,189	122,684,789	294
1916	1st ...	74,579,637	76,882,064	151,461,701	363
	„ 2nd ...	105,929,635	113,451,832	219,381,467	526
1917	1st ...	131,332,688	149,606,929	280,939,617	674
	„ 2nd ...	214,852,803	230,966,799	445,819,602	1,070
1918	1st ...	286,587,834	304,035,445	590,623,279	1,417
	„ 2nd ...	473,713,935	499,506,340	973,220,275	2,335
1919	1st ...	611,659,473	624,195,634	1,235,855,107	2,965
	„ 2nd ...	733,583,588	797,966,829	1,533,550,417	3,678

COLLECTION

Half-year	Year	Bills Sent for Collection Yen	Bills Collected Yen	Total Yen	Index Number
1909	2nd ...	115,391	1,685,797	1,801,188	*
1910	1st ...	403,259	5,550,560	5,953,819	100
	„ 2nd ...	858,420	11,821,019	12,679,439	213
1911	1st ...	905,862	12,134,981	13,040,843	219
	„ 2nd ...	1,393,353	12,951,306	14,344,659	241
1912	1st ...	3,204,423	15,543,221	18,747,644	315
	„ 2nd ...	4,861,528	19,515,962	24,377,490	409

Half-year Year	Bills Sent for Collection Yen	Bills Collected Yen	Total Yen	Index Number
1913 1st ...	2,569,553	17,096,105	19,665,658	330
" 2nd ...	2,170,747	26,461,235	28,631,982	481
1914 1st ...	2,001,966	23,647,144	25,649,110	431
" 2nd ...	2,053,573	22,157,010	24,210,583	407
1915 1st ...	2,124,281	25,113,163	27,237,444	457
" 2nd ...	2,718,322	27,953,484	30,671,806	515
1916 1st ...	3,528,025	27,303,639	30,831,664	518
" 2nd ...	6,918,368	42,890,059	49,808,437	837
1917 1st ...	8,584,173	59,037,402	67,621,575	1,136
" 2nd ...	9,845,893	87,956,494	97,802,387	1,643
1918 1st ...	10,748,684	127,967,022	138,715,706	2,330
" 2nd ...	14,491,698	172,218,965	186,710,662	3,136
1919 1st ...	39,526,162	297,847,749	337,373,911	5,667
" 2nd ...	29,656,928	436,226,854	465,883,782	7,825

* The second half-year of 1909, being the inaugural term with only 33 working days, is left out of the comparison in the above tables.

Since the creation of the foreign exchange account, the item has shown the following progress.

FOREIGN EXCHANGES

Half-year Year	Exchange: Sold		Total Yen
	Draft Yen	T. T. Yen	
1916 2nd	1,563,351	12,997,359	14,557,710
1917 1st	1,256,954	23,889,461	25,146,415
" 2nd	3,045,743	15,815,313	18,861,056
1918 1st	4,279,059	28,788,840	33,057,899
" 2nd	13,637,015	64,392,752	78,029,767
1919 1st	18,615,364	101,088,923	119,704,287
" 2nd	24,841,493	127,829,546	152,671,039

Half-year Year	Exchanges Bought		Total Yen
	Draft Yen	T. T. Yen	
1916 2nd	9,827,589	93,750	9,921,339
1917 1st	10,411,933	6,435,984	16,847,917
" 2nd	13,949,365	13,910,744	27,860,109
1918 1st	54,569,068	13,802,152	68,371,220
" 2nd	102,598,565	21,239,122	123,837,687
1919 1st	116,533,267	23,266,421	139,799,688
" 2nd	92,884,298	36,337,045	129,221,343

*The Bank as Preserver of Public Credit and Regulator of Money Market :—*During the early existence of the Bank of Chosŏn the financial position of the Peninsula was far from being really sound. Changes so sudden, and in some cases so radical and avoidably unnatural, could but produce many anomalies which time and the able guidance of strong financial institutions alone could adjust. The merchants and traders coming over from Japan were generally men of small means, some speculative, and some wholly undesirable. Most institutions, commercial and industrial, not excepting banking, were financially weak and a little shock was sufficient to break down the whole thing. Further, the financial fibre of the country was greatly enfeebled by the constant and ever-increasing import-excess, and with what energy and perseverance the Bank of Chosŏn carried on the struggle against this obnoxious tendency without resorting to the raising of interest as far as possible, lest it should interfere with the progress of industry, has already been shown.

These circumstances gave birth to a monetary situation, for the handling of which extreme care and vigilance were required. First of all, concerted action of all the bankers and financiers was necessary, and for this purpose a bankers' association was organized, the lead being taken by the Bank, to which not only bankers but prominent firms and companies were admitted as members, and of which the Governor of the Bank of Chosŏn has always been elected president. Thus it was made possible for any signs of financial unrest, in whatever corner of the country they might appear, to be placed at a moment's notice before a council of the best men possible in the country for consideration, and preventive measures taken. Indeed it has been due in no small measure to their combined efforts and exertion that, during the last ten years, there has been no instance of sectional breakdowns being allowed to develop into what might be called a crisis or a panic, even in a local sense. By these and other means the public credit in Chosŏn has been preserved almost, we might say, to perfection,

and what this means to its economic development needs hardly any comment.

The keeping of the rate of interest at a level compatible with the industrial development of the country has been another problem confronting that Bank all these years. About the time of the establishment of the Bank, the high interest common to most new countries prevailed also in Chosen, and even the Dai Ichi Ginko, the *de facto* central bank of that time, was obliged to charge a daily interest of three *sen* (10.95%) per 100 yen, which was thought in those days an extremely low rate. On the establishment of the Bank, the rate was cut down at a stroke to 2.5 *sen* (9.13%), and the following year it was further lowered to 2.1 *sen* (7.67%). In September, 1914, however, the rate was raised to 2.6 *sen* (9.5%) on account of the outbreak of the European War, the highest level ever reached since the establishment of the Bank. In its policy *vis-à-vis* the Bank rate, the Bank has constantly been hampered by contradictory interests, such as the maintenance of specie reserve which demands a high rate, and the industrial welfare which demands a low rate. Its control over the market rate has also been made difficult on account of the presence of so many Japanese branch banks which can ignore the Bank of Chosen rate if they so prefer. On the whole, however, the Bank of Chosen rate has been effective in lowering the general level of interest prevailing in the country. The following tables give the changes made in the Bank of Chosen rate since the establishment of the Bank, both for deposits and advances.

INTEREST ON DEPOSITS.

Date of Enforcement	Fixed Deposits		Current Account	Special Cur- rent Account
	Above $\frac{1}{2}$ Year	Above 1 Year		
	Per cent.	Per cent.	Per cent.	Per cent.
1909 December 11	5.5	6.0	3.65	4.38
1910 February 20	5.0	5.5	2.92	3.65
„ April 18 ...	4.5	5.0	2.56	3.65

Date of Enforcement	Fixed Deposits		Current Account	Special Cur- rent Account
	Above $\frac{1}{2}$ Year	Above 1 Year		
	Per cent.	Per cent.	Per cent.	Per cent.
1912 March 11 ...	5.5	5.5	2.92	4.00
1913 January 1 ...	6.0	6.0	3.29	4.38
1915 July 1 ...	5.5	5.5	2.56	4.00
1916 March 1 ...	5.0	5.0	1.83	3.65
1918 October 16...	5.5	5.5	2.19	4.38

INTEREST ON ADVANCES

Date of Enforce- ment	To Customers				To Bankers		
	Discount Rate		Time Loans	Over Drafts	Discount Rate. Bills of Exchange	Time Loans	Over Drafts
	Bills of Exchange	Promis- sory Notes					
	%	%	%	%	%	%	%
1909 Nov. 20	9.13	—	—	—	—	—	—
" Dec. 31	9.30	—	—	—	—	—	—
1910 Feb. 20	8.40	—	—	—	—	—	—
" Apr. 18	7.67	—	—	—	—	—	—
1912 Mar. 11	8.76	8.76	8.76	9.49	6.94	6.94	7.30
" Oct. 3	8.76	8.76	8.76	9.49	7.30	7.30	7.67
" Nov. 22	8.76	8.76	8.76	10.22	7.67	7.67	8.03
1913 Jan. 1	8.76	8.76	8.76	9.49	7.67	7.67	8.03
" Aug. 27	8.76	8.76	8.76	9.49	8.40	8.40	8.03
1914 Sept. 1	9.50	9.50	9.50	10.22	8.40	8.40	8.40
1915 July 1	8.76	8.76	8.76	9.49	7.67	7.67	7.67
1916 Mar. 1	8.76	8.76	8.76	9.49	7.30	7.30	7.67
" Oct. 20	8.76	8.76	8.67	9.49	6.57	6.57	6.94
1917 May 1	7.30	8.03	8.03	8.40	5.84	5.84	6.21
1918 Oct. 16	7.67	8.03	8.03	8.40	6.57	6.57	6.94
1919 Aug. 6	7.67	8.03	8.03	8.76	7.30	7.30	7.67

Position of Chosen as a Field of the Bank of Chosen :—

At the time of its establishment, and for some considerable time after, the Bank of Chosen was in fact as well as in name the Bank of Chosen. Chosen was practically its sole field of activity. But, as we have repeatedly pointed out, the operations of the Bank went beyond the confines of the Peninsula into the outside world where greater opportunities

awaited it. In consequence Chosen has become only a part of the great field of the Bank, and its proportion to the whole is becoming less every year. In one sense the Bank may be said to have outgrown the Peninsula, but in another, the position of Chosen is too open and too convenient to confine the enterprising within its limits. Some opine that the name of the Bank should be changed to something less local, for the name of Chosen is held in contempt by some people, especially by Chinese. Our answer to this is that one name is just as good as another, and if the name of Chosen is held in contempt it is our duty to make it respected. In the following table are given the annual amounts of deposits received and advances made in Chosen, with their percentages to the aggregate.

Year	Deposits	Percentage to Aggregate	Advances	Percentage to Aggregate
	Yen	%	Yen	%
1909 Dec.	7,320,301	95.9	3,628,786	96.6
1910 June	4,589,414	92.1	3,707,443	95.3
" Dec.	5,470,415	91.8	5,358,646	73.7
1911 June	6,000,687	93.3	5,305,073	62.6
" Dec.	5,905,463	84.6	9,142,489	90.4
1912 June	9,601,404	92.9	9,138,963	79.6
" Dec.	13,244,703	93.5	13,913,721	89.8
1913 June	21,550,010	95.2	13,885,206	80.8
" Dec.	18,650,968	89.7	18,345,575	78.1
1914 June	17,236,372	93.7	15,017,658	78.2
" Dec.	16,055,199	91.2	18,127,533	77.3
1915 June	17,188,513	82.2	14,634,865	57.8
" Dec.	15,781,898	84.9	16,996,572	57.3
1916 June	17,400,046	73.0	14,935,698	57.8
" Dec.	17,288,090	52.3	22,302,890	51.7
1917 June	20,578,505	43.3	19,105,575	39.8
" Dec.	20,923,336	23.7	33,251,933	35.0
1918 June	29,492,396	23.6	31,886,174	27.9
" Dec.	31,830,760	14.5	52,161,662	26.7
1919 June	35,027,693	18.8	55,597,229	24.9
" Dec.	38,058,360	20.1	103,922,694	32.3

Thus it will be seen that, in its early days, more than 90% of the business of the Bank was conducted in Chosen, while at the end of 1919 only 20% of deposits were

received, and 32% of advances made in the same field. The last, however, is rather an extreme case, and it may safely be said that Chosŏn, though much diminished in importance as a field of the Bank, will still account for somewhere about 30% of the whole business in normal times. It is the home of the Bank, and its interests are entitled to receive the Bank's first attention.

The Bank and the Industrial Development of Chosŏn:—

A central bank properly organized and worked is in itself a great contribution to the industrial development of a country, if not for any other reason. But in the case of the Bank of Chosŏn there is something more than this. Established at the time when Korea entered upon her new career, backed by an enterprising nation determined to make of her a rich and prosperous country worthy of the natural resources which Nature has bestowed upon her, the industrial development of the Peninsula has been the object of the Bank of Chosŏn ever since its establishment. This purpose the Bank has pursued to this day with unremitting energy, and has been rewarded with a success beyond the highest expectation entertained by it in its early days. It is, however, in the highest degree difficult to prove what efforts it has put forth towards this object by means of figures. One must overhaul the whole being for this purpose. For instance, the Bank created from the beginning a department devoted to economic research work, the like of which was not then found in any similar institution in Japan, though the example has since been followed by some. The chief purpose of this department is to make investigation into the ways and means to develop the country economically. Among other things, extensive research has been made into what advanced countries in the West, for instance, England, France, Germany, the United States of America, etc., have done in their colonies and territories for this purpose, and not only was the result of these researches made use of by directors to guide them in the formation of their policy, but certain of them were printed and distributed so as to enlighten the

general public, especially those in charge of public affairs, upon the subjects concerned. The names of some of these publications are given below, merely for the purpose of showing the nature of the work undertaken by the department, though the works themselves being in Japanese are unintelligible to most foreign readers.

French legislation upon the *prêts sur récoltes pendantes* ;

Activity of the Deutsch-Asiatische Bank in the Extreme East ;

The Banque de l'Indo-Chine operating in the Extreme East ;

The Banque d'Etat du Maroc under the joint control of Powers ;

The Development of the Bank d'Algerie ;

The measures adopted by M. Paul Doumer, Governor of Indo-China, for the economic development of that country ;

Experiences of the French colonial banks suffering from import-excess ;

The effect of the enforcement of the homestead system on the business of agricultural banks in Egypt ;

German overseas banks and their business ;

Note-issuing of the French colonial banks and their exchange business ;

Services of the State Bank of Russia towards the economic policy of that country ;

Economic policy of Russia in the Far East ;

Chinese Railways and the Powers ;

Foreign Banks in China ;

Foreign capital in Russian Banking ;

German activity in Russia ;

Prospect of Mongolian trade and investment ;

Silk trade in America ;

National and Agricultural Banks in Egypt ;

President Roosevelt's message on irrigation ;

Etc., etc., etc., etc., etc.

Besides the department publishes a monthly journal in which all the useful statistics, economic and financial, mostly

domestic but some foreign, are given, together with news such as those engaging in commerce and industry on a large scale should know with advantage. These publications, distributed free of charge, have not only supplied the public with useful knowledge in their respective fields of activity but have kept them in touch with the times which are constantly changing, especially in recent years. However, great as these services have been, they are but a by-product, the greatest contribution to the industrial progress of the country being made through the exercise of its proper function—loans. In granting these, the usefulness of the industry concerned has been taken into consideration as much as the soundness of the enterprise, and, in this way, many industrial enterprises have been financed into success. The following table gives the loans classified according to the objects for which they have been used. It shows that not only have the loans for agricultural and industrial purposes increased enormously, but their percentage to the total has also increased.

Year	Agriculture	Industry	Commerce	Others	Total
	Thousand Yen	Thousand Yen	Thousand Yen	Thousand Yen	Thousand Yen
1909 Dec.	1	148	2,593	886	3,628
1910 June	102	146	2,244	1,244	3,707
" Dec.	3	234	3,695	1,426	5,358
1911 June	100	246	3,276	1,682	5,305
" Dec.	—	559	6,026	2,557	9,142
1912 June	100	552	5,485	3,001	9,139
" Dec.	3	632	10,124	3,154	13,913
1913 June	129	803	9,612	3,340	13,885
" Dec.	3	1,173	13,957	3,212	18,345
1914 June	33	1,277	10,183	3,523	15,017
" Dec.	156	2,354	11,879	3,737	18,127
1915 June	4	2,540	8,261	3,829	14,634
" Dec.	30	2,118	11,789	3,669	16,996
1916 June	13	3,315	8,506	3,101	14,935
" Dec.	443	2,932	15,826	3,102	22,302
1917 June	473	3,262	13,093	2,277	19,105
" Dec.	1,775	3,772	25,293	2,411	33,251
1918 June	1,189	5,720	23,440	1,536	31,886
" Dec.	6,884	5,882	37,747	1,646	52,161
1919 June	41	5,905	48,311	1,337	55,594
" Dec.	12	6,866	95,812	1,230	103,920

Year	Percentage				
	Agriculture	Industry	Commerce	Others	Total
	%	%	%	%	%
1909 Dec.	—	4.1	71.5	24.4	100
1910 June	2.7	3.9	59.8	33.6	"
" Dec.	—	4.4	69.0	26.6	"
1911 June	1.9	4.6	61.7	31.8	"
" Dec.	—	6.2	65.8	28.0	"
1912 June	1.1	6.0	60.0	32.9	"
" Dec.	—	4.5	72.8	22.7	"
1913 June	0.9	5.8	69.2	24.1	"
" Dec.	—	6.4	76.1	17.5	"
1914 June	0.2	8.5	67.8	23.5	"
" Dec.	0.9	13.1	65.4	20.6	"
1915 June	—	17.4	56.4	26.2	"
" Dec.	0.2	12.4	65.7	21.7	"
1916 June	0.1	22.2	57.0	20.7	"
" Dec.	1.9	13.1	71.1	13.9	"
1917 June	2.4	17.1	68.7	11.8	"
" Dec.	5.4	11.4	75.9	7.3	"
1918 June	3.7	18.0	73.5	4.8	"
" Dec.	13.2	11.3	72.4	3.1	"
1919 June	0.1	16.0	80.6	2.4	"
" Dec.	—	6.6	92.2	1.2	"

*Result of Business :—*It has already been stated that, at its foundation in 1909, the Bank advanced to the Dai Ichi Ginko the sum of Yen 7,888,000 without interest, as funds for the redemption of the notes in circulation, to be paid back in instalments extending over 20 years. That an advance of such a nature and magnitude in the initiative stage of an institution interferes with its yearly profits to no small extent needs no explanation. The purchase of the Imperial Grant Loan Bonds at face value, when they were quoted considerably below it, and other public services rendered by the Bank also diminished its earnings. On the other hand, it was provided in the law that, if the dividend by the Bank did not reach six per cent. per annum, the Government should not only forgo any dividend on its own shares but subsidize the Bank by the amount lacking to enable it to declare a dividend at that rate for a period of five years. This subsidy the Bank was compelled to receive

for three half-years, at the end of which period the Bank was able to declare unaided a dividend of 6 per cent. From the first half-year of 1914 down to that of 1917, the rate was raised to 7 per cent., and from that time on dividend has also been paid on the Government shares as well. After the second half-year of 1917 a dividend of 8 per cent. was paid, and this has been increased to 9 per cent. since the second half of 1918.

The following tables show the progress of profits and distribution of the same since the establishment of the Bank :

PROFITS

Year	Net Profit	Carried from Last Half- year	Government Subsidy	Total
	Yen	Yen	Yen	Yen
1909 December	92,303*	—	110,713	18,410
1910 June	26,240	—	31,010	57,250
" December	39,857	—	19,500	59,500
1911 June	73,830	—	10,170	84,000
" December	135,171	—	—	135,171
1912 June	160,527	2,171	—	162,698
" December	205,405	5,998	—	211,403
1913 June	223,084	10,103	—	233,187
" December	247,393	12,937	—	260,330
1914 June	399,328	37,330	—	436,658
" December	413,312	88,258	—	501,570
1915 June	463,920	89,137	—	553,057
" December	447,151	95,657	—	542,808
1916 June	479,889	102,008	—	581,897
" December	565,555	118,297	—	683,852
1917 June	618,031	182,353	—	800,384
" December	899,222	237,978	—	1,137,200
1918 June	1,257,686	293,653	—	1,550,708
" December	1,660,067	353,653	—	2,013,720
1919 June	1,988,526	361,033	—	2,349,559
" December	2,463,825	412,209	—	2,876,034

* Loss.

DISTRIBUTION OF PROFITS

Year	Reserve Fund to Provide for Losses	Reserve Fund to Equalize Dividend	Bonus and Allowances	Dividend		Rayment to Government	Carried to Next Half-year
	Yen	Yen	Yen	Amount	Percentage	Yen	Yen
1909 Dec.	—	—	—	18,411	6	—	—
1910 June	2,100.	550	2,100	52,500	6	—	—
" Dec.	3,500	1,000	2,500	52,500	6	—	—
1911 June	7,000	2,000	5,000	70,000	6	—	—
" Dec.	15,000	3,500	9,500	105,000	6	—	2,171
1912 June	18,500	4,200	11,500	122,500	6	—	5,998
" Dec.	24,000	5,500	14,300	157,500	6	—	10,103
1913 June	39,900	7,250	15,600	157,500	6	—	12,937
" Dec.	40,000	8,000	17,500	157,500	6	—	37,330
1914 June	50,000	8,000	27,900	262,500	7	—	88,258
" Dec.	55,000	8,500	28,900	320,034	7	—	89,137
1915 June	65,000	10,000	32,400	350,000	7	—	95,657
" Dec.	50,000	9,500	31,300	350,000	7	—	102,008
1916 June	70,000	10,000	33,600	350,000	7	—	118,297
" Dec.	100,000	12,000	39,500	350,000	7	—	182,353
1917 June	121,844	13,000	44,000	383,562	7	—	237,978
" Dec.	200,000	20,000	65,000	559,179	8	—	293,022
1918 June	400,000	30,000	75,000	692,055	8	—	353,653
" Dec.	1,850,000	35,000	85,000	978,904	9	52,201	361,033
1919 June	550,000	52,000	85,000	1,194,041	9	56,309	412,209
" Dec.	700,000	60,000	100,000	1,504,110	9	55,981	455,942

HALF-YEARLY BALANCE SHEETS OF THE BANK OF CHOSEN FOR THE PAST TEN YEARS COMPARED

LIABILITIES

Year	Capital Paid-up and Reserve Fund		Notes Issued		Deposits		Government Account		Loans and Bills Payable		Due to Other Banks, etc.		Total	
	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.
1909 December	2,500,000	100	13,439,700	100	7,631,641	100	7,855,182	100	771,867	100	678,085	100	32,876,475	100
1910 June ...	2,500,000	100	13,255,000	99	4,983,214	65	6,902,348	88	563,280	73	2,338,205	345	30,542,047	93
„ December	2,502,650	100	20,163,900	150	5,960,650	78	6,220,000	79	646,253	84	690,577	102	36,184,030	110
1911 June ...	5,005,175	200	22,047,000	164	6,431,384	84	1,220,000	16	37,287	5	1,052,491	155	35,793,337	109
„ December	5,016,150	201	25,005,540	186	6,978,281	91	1,210,000	15	2,574,925	334	631,397	93	41,417,293	126
1912 June ...	7,534,650	301	24,539,300	183	10,332,338	135	1,210,000	15	5,425,609	703	682,746	101	49,724,703	151
„ December	7,557,350	302	25,550,400	190	14,169,878	186	1,200,000	15	3,373,597	437	754,160	111	52,605,385	160
1913 June ...	7,586,850	304	19,587,790	146	22,627,150	297	1,200,000	15	3,028,595	392	1,369,120	202	55,399,505	169
„ December	7,634,000	305	25,693,260	191	20,801,925	273	1,200,000	15	3,036,231	393	1,289,626	190	59,655,042	181
1914 June ...	7,682,000	307	19,470,050	145	18,396,635	241	1,200,000	15	4,977,848	645	1,492,901	220	53,219,434	162
„ December	10,240,000	410	21,850,370	163	17,598,504	231	1,200,000	15	4,989,380	646	1,921,441	283	57,799,695	176
1915 June ...	10,303,500	412	22,360,230	166	20,917,191	274	1,200,000	15	5,030,292	65	2,243,512	331	62,054,725	189
„ December	10,378,500	415	34,387,520	256	18,588,601	244	1,200,000	15	3,050,338	397	2,529,261	373	70,144,220	213
1916 June ...	10,438,000	418	29,183,310*	217	23,829,865	312	1,200,000	15	3,036,920	304	2,045,020	302	69,733,115	212
„ December	10,518,000	421	46,733,350	348	33,033,410	433	1,200,000	15	3,914,161	507	3,556,762	525	98,955,683	301
1917 June ...	14,048,156	562	39,994,500	298	47,533,198	623	1,200,000	15	4,036,322	523	2,682,217	396	109,494,393	333
„ December	16,683,000	667	68,198,370	507	88,413,372	1,159	1,200,000	15	3,691,700	478	7,975,275	1,176	186,161,717	500
1918 June ...	21,872,400	875	63,323,817	471	124,998,791	1,638	1,200,000	15	5,512,189	714	7,117,532	1,050	224,024,729	681
„ December	28,680,810	1,147	116,608,460	868	218,960,149	2,869	1,200,000	15	4,355,805	564	28,255,912	4,167	398,051,136	1,211
1919 June ...	34,216,575	1,369	104,079,928	774	185,635,387	2,432	1,200,000	15	4,182,915†	548	26,041,350	3,840	392,997,155	1,165
„ December	44,765,000	1,791	165,299,150	1,229	194,300,800	2,546	1,200,000	15	88,575,098‡	11,475	42,696,260	6,297	536,836,308	1,633

ASSETS

Year	Cash on Hand		Money at Call, Bullion, etc.		Bills Discounted and Advances		Investments		Due from Other Banks		Bank Premises, etc.		Total	
	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.	Yen	Index No.
1909 December...	6,242,588	100	229,493	100	19,624,627	100	150,000	100	4,823,183	100	1,805,674	100	32,876,475	100
1910 June ...	6,401,019	103	325,488	142	20,469,024	104	180,245	120	1,355,440	28	1,810,831	100	30,542,046	93
„ December...	7,985,028	128	450,254	196	22,193,052	113	1,865,245	1,242	1,720,149	36	1,970,302	109	36,184,030	110
1911 June ...	8,727,486	140	1,186,195	517	18,194,670	93	5,187,385	3,458	281,605	6	2,215,996	123	35,793,337	109
„ December...	8,026,032	129	3,111,511	1,356	21,897,610	112	5,549,317	3,700	422,580	9	2,410,223	133	41,417,293	126
1912 June ...	7,324,640	117	3,013,397	1,314	30,777,032	157	5,669,253	3,780	410,729	9	2,529,652	140	49,724,703	151
„ December...	8,239,358	132	3,439,422	1,500	32,506,391	166	5,342,232	3,562	395,947	8	2,682,035	149	52,605,385	160
1913 June ...	6,313,367	101	5,115,381	2,230	34,604,191	176	6,284,170	4,190	390,692	8	2,691,704	149	55,399,505	169
„ December...	8,743,156	140	2,928,553	1,277	37,532,657	191	7,149,229	4,766	520,814	11	2,780,634	154	59,655,042	182
1914 June ...	6,447,408	103	3,105,858	1,354	33,219,510	169	7,148,909	4,766	539,127	11	2,758,612	153	53,219,434	162
„ December...	7,689,876	123	2,370,029	1,033	37,076,012	189	7,383,381	4,922	479,232	10	2,831,165	155	57,799,695	176
1915 June ...	7,830,942	125	3,953,695	1,729	38,911,070	198	7,569,142	5,046	918,533	19	2,851,343	158	62,054,725	189
„ December...	11,913,572	191	4,247,087	1,851	42,862,501	218	7,591,177	5,061	575,629	12	2,954,254	164	70,144,220	213
1916 June ...	10,085,493	162	3,733,817	1,628	40,544,711	207	11,549,180	7,755	734,773	15	2,935,141	165	69,733,115	212
„ December...	17,797,292	285	6,657,896	2,902	59,487,286	303	10,078,514	6,719	1,985,615	41	2,949,080	163	98,955,683	301
1917 June ...	14,199,272	228	7,378,792	3,217	66,301,170	338	12,112,102	8,075	6,584,628	137	2,918,129	162	109,494,393	333
„ December...	31,605,191	506	15,738,454	6,861	113,335,498	578	15,537,153	10,358	6,667,354	138	3,278,067	181	186,161,717	566
1918 June ...	22,730,793	364	40,239,229	17,541	134,628,222	686	14,519,180	9,680	8,335,816	173	3,571,489	194	224,024,729	681
„ December...	84,095,090	1,347	30,882,648	13,462	254,290,517	1,295	16,720,199	11,147	7,899,643	164	4,173,039	231	398,061,136	1,211
1919 June ...	49,232,156	789	27,682,704	12,067	280,401,323	1,429	14,537,441	9,692	16,762,917	384	4,380,614	242	392,997,155	1,165
„ December...	58,226,480	933	45,679,146	19,912	398,586,782	1,031	21,911,109	14,608	7,477,936	155	4,954,855	254	536,836,308	1,633

* Currency bills issued are included from this year. † Call money is included from this year. ‡ Bills rediscounted are included from this year.

APPENDIX I

THE BANK OF CHOSEN ACT

THE BANK OF CHOSEN ACT

Law No. 48, March, 1911

Revised by Law No. 28, March 1918

CHAPTER I

GENERAL PROVISIONS

Art. 1.—The Bank of Chosen shall be a joint stock company with its head office at Seoul, Chosen.

Art. 2.—The Bank may establish branches or agencies, or enter into correspondence with other banks, with the sanction of the Governor-General of Chosen.

The Governor-General of Chosen may order the Bank to establish branches or agencies when deeming it necessary.

Art. 3.—The duration of the Bank shall be fifty years from the day on which its establishment is registered. Such duration may, however, be prolonged with the sanction of the Government.

Art. 4.—The capital of the Bank shall be ten million yen divided into one hundred thousand shares of one hundred yen each. Such capital may, however, be increased with the sanction of the Government.

Art. 5.—The share-certificates of the Bank shall each bear thereon the name of the holder.

None but Japanese subjects shall be entitled to become shareholders of the Bank.

Art. 6.—The Government shall subscribe for thirty thousand of the shares of the Bank.

The shares subscribed for by the Government in

accordance with the provisions of the preceding paragraph shall be inalienable.

CHAPTER II

DIRECTORS

Art. 7.—The Bank of Chosen shall have one Governor, one Deputy Governor, three Directors or more, and two Auditors or more. (Revised by Law No. 28, 1918.)

Art 8.—The Governor shall represent the Bank and control all affairs of the Bank.

The Deputy Governor shall act for the Governor when the Governor is prevented from attending to his duties, and discharge those duties when the office of Governor is vacant. (Revised by Law No. 28, 1918.)

The Deputy Governor and the Directors shall assist the Governor, and undertake the sectional management of the business of the Bank in accordance with the provisions of the By-Laws. (Revised by Law No. 28, 1918.)

The Auditors shall inspect the business of the Bank.

Art. 9.—The Governor and the Deputy Governor shall be appointed by the Government, and their term of office shall be for five years. (Revised by Law. 28, 1918.)

The Directors shall be appointed by the Governor-General of Chosen among twice as many candidates who have been elected to that office at a general meeting of shareholders from among shareholders holding one hundred shares or more, and their term of office shall be for three years.

The Auditors shall be elected at a general meeting of shareholders from among shareholders holding fifty shares or more, and their term of office shall be for two years.

Art. 10.—The Governor, Deputy Governor, or Directors shall not be allowed to attend to any other duties or engage in any other mercantile business under any pretence whatever, save that for which the sanction of the Governor-General of Chosen has been given. (Revised by Law No. 28, 1918.)

CHAPTER III

GENERAL MEETING OF SHAREHOLDERS

Art. 11.—The ordinary general meeting of shareholders shall be called by the Governor at such times as are prescribed in the By-Laws.

Art. 12.—An extraordinary general meeting of shareholders shall be called by the Governor at any time when necessary.

Art. 13.—All the Auditors, as a body, or shareholders representing in the aggregate at least one-fifths of the capital, may apply to the Governor to call an extraordinary meeting of shareholders, specifying the object for which the meeting is to be called.

When the Governor has received such application as mentioned in the preceding paragraph, he shall call an extraordinary general meeting of shareholders.

Art. 14.—The voting power of a shareholder shall be one vote for each share held by him up to ten shares, and one vote for every ten shares over and above the first ten shares.

Art. 15.—A shareholder shall not be allowed to exercise his right of voting through a proxy who is not a shareholder unless such person in his legal proxy.

Art. 16.—Any alteration in the By-Laws shall be resolved upon only by a majority of the votes of shareholders present and representing in the aggregate at least half the amount of the capital.

CHAPTER IV

BUSINESS

Art. 17.—The Bank of Chosen shall engage in the following business :

1. Discounting of bills of exchange and other commercial bills ;
2. Collection of bills for companies, banks, or

individual merchants, who are regular customers of the Bank ;

3. Dealing in bills of exchange with or without documents ;
4. Making of loans on security of a reliable nature ;
5. Receiving of deposits and making of advances in current accounts ;
6. Safe custody of gold and silver coins, other precious metals, and documents ;
7. Buying and selling of gold and silver bullion, and exchange of coins and moneys ;
8. Trust business. (Added by Law No. 28, 1918.)

The Bank may, besides the business mentioned in the preceding paragraph, purchase, according to the requirements of business, National Loan Bonds, Local Loan Bonds, and other negotiable bonds of a reliable nature as defined by the Governor-General of Chosen.

Art. 18.—The Bank may, in addition to the business mentioned in the preceding Article, engage in the following business subject to the sanction of the Governor-General of Chosen :

1. Making of loans to public bodies without security ;
2. Acting as agent for other banks.

Art. 19.—The Bank shall not be allowed to possess any movables or immovables except those necessary to business or those which have come into the possession of the Bank in satisfaction of its claims.

Art. 20.—The Bank shall not be allowed to engage in any business not mentioned in this Act except orders of the Governor-General of Chosen.

CHAPTER V

BANK-NOTES

Art. 21.—The Bank of Chosen may issue bank-notes :
Provided that the sanction of the Governor-General of

Chosen shall be obtained in regard to the form, style, and denomination of such notes.

The bank-notes mentioned in the preceding paragraph shall be exchanged for gold coin or Bank of Japan Notes any time during business hours at the head office and branches of the Bank. The exchange at the branches may, however, be postponed until reserves can have arrived from the head office.

Art. 22.—The Bank shall provide the same amount of reserve in gold coin, gold and silver bullion, or Bank of Japan Notes as that of the notes issued: Provided that the silver bullion shall not exceed one quarter of the whole amount of the reserve.

The Bank may, in addition to the issue on the reserve mentioned in the preceding paragraph, issue bank-notes on the security of National Loan Bonds, or of other bonds or commercial bills of a reliable nature, to the extent not exceeding fifty million yen. (Revised by Law No. 28, 1918.)

In addition to the issue provided in the preceding two paragraphs farther issue may be made on the security of National Loan Bonds, or of other bonds or commercial bills of a reliable nature, subject to the sanction of the Governor-General of Chosen, when such issue is necessitated by the condition of the market. In this case the Bank shall pay to the Government an issue-tax of at least five per cent. per annum on the amount of such issue in pursuance of the order of the Government.

Art. 23.—The bank-notes issued by the Bank shall circulate without restriction within the jurisdiction of the Governor-General of Chosen.

Art. 24.—The Bank shall publish in the Official Gazettes a weekly average returns on the amount of the notes issued and of the reserves held against such notes.

Art. 25.—Such procedures as relate to the manufacture and issue of the bank-notes and exchange and cancellation of damaged notes shall be fixed by the Governor-General of Chosen.

CHAPTER VI

RESERVE FUND AND PAYMENT TO THE GOVERNMENT

Art. 26.—The Bank shall set apart eight per cent. or more of the profit for each business term for providing against any loss that may be incurred on its capital and two per cent. or more for equalizing dividends.

Art. 27.—When the amount of the profit to be distributed to shareholders exceeds twelve per cent. per annum on the paid-up capital, half the amount of such excess shall be paid to the Government.

CHAPTER VII

GOVERNMENT SUPERVISION AND SUBSIDY

Art. 28.—The Government shall supervise the business of the Bank.

Art. 29.—The Bank shall obtain the sanction of the Governor-General of Chosen before any alteration can be made in its By-Laws.

Art. 30.—The Bank shall obtain the sanction of the Governor-General of Chosen for distribution of its profit to the share-holders.

Art. 31.—The Governor-General of Chosen may, when deeming it necessary, place restrictions in regard to the denomination and the amount of issue of bank-notes, the amount and method of loans or of bill discounting, and the rate of interest or discount therefor, and also in regard to exchange fees and to specie and security reserves.

Art. 32.—The Governor-General of Chosen may interdict any business operations of the Bank violating the provisions of Laws and Ordinances or By-Laws, or those deemed prejudicial to the public welfare.

Art. 33.—The bank shall make a report to the Governor-General of Chosen upon the condition of the Bank's business and upon its accounts in accordance with the rules fixed by the Governor-General.

Art. 34.—The Governor-General of Chosen shall ap-

point a special Government Commissioner to the Bank, who shall supervise the business of the Bank.

Art. 35.—The Government Commissioner may examine at any time the safes, books, and documents of any description of the Bank.

The Government Commissioner may also, when deeming it necessary for supervising purposes, order the Bank to produce at any time a report upon the accounts of the Bank's business and upon its condition.

The Government Commissioner may attend general meetings of shareholders and other meetings and give his opinion, but is not allowed to participate in the voting.

Art. 36.—Until the dividend by the Bank has reached the rate of six per cent. per annum for each business term on the shares other than those taken by the Government, no dividend need be paid on those taken by the Government.

Art. 37.—If the dividend by the Bank does not reach the rate of six per cent. per annum for each business term on the shares other than those taken by the Government, the Government shall subsidize the Bank by the amount necessary to enable the dividend to reach that rate for a period of five years from the last day of the inaugurating term.

CHAPTER VIII

PENAL REGULATIONS

Art. 38.—If any or either of the following offences be committed by the Bank, the Governor, or the Deputy Governor who discharges the duties of the Governor or acts for him, shall be fined not less than one hundred yen and not more than one thousand yen. If such offence be committed in respect to the section of business managed by the Deputy Governor or a Director, the same penalty shall be inflicted upon the Deputy Governor or the Director in charge. (Revised by Law No. 28, 1918.)

1.—Violation of the provisions set forth in Art. 19, Art. 20, Art. 22, Paragraph 1, and Art. 26.

2.—Neglect to obtain the sanction of the Government

when such sanction is required by the provisions of this Act.

Art. 39.—If the Governor, or the Deputy Governor who discharges the duties of the Governor or acts for him, do not call a general meeting of shareholders in violation of the provision of Art. 11 or Art. 13, Paragraph 2, he shall be fined not less than one hundred yen and not more than one thousand yen. (Revised by Law No. 28, 1918.)

Art. 40.—If the Governor, Deputy Governor, or Directors act in violation of the provisions of Art. 10, he or they shall be fined not less than twenty yen and not more than two hundred yen. (Revised by Law No. 28, 1918.)

Art. 41.—In regard to the fines mentioned in the preceding three Articles, provisions of Articles 206, 207, and 208 of the Law pertaining to the Procedures for *Voluntary Jurisdiction* shall apply.

SUPPLEMENTARY PROVISIONS

Art. 42.—The date of enforcement of this Act shall be fixed by an Imperial Ordinance.

Art. 43.—The Bank of Korea, established by the Bank of Korea Act, Law No. 22 of the 3rd year of Yung-heui (1909), shall be renamed the Bank of Chosen, and shall be regarded as established on the day the Bank of Korea was established, and any act performed by the Bank of Korea shall be regarded as performed by the Bank of Chosen.

Any registration made in respect of the Bank of Korea shall be regarded as done in respect of the Bank of Chosen, and the name of the Bank in the Register shall be regarded as naturally changed.

Art. 44.—The Governor, Directors, and Auditors of the Bank of Korea shall be regarded as installed as such for the Bank of Chosen.

Art. 45.—The Bank of Korea Note issued by the Bank of Korea and the Dai Ichi Ginko Note, regarded as issued by the Bank of Korea, shall both be regarded as issued by the Bank of Chosen.

APPENDIX II

**BY-LAWS OF THE BANK OF
CHOSEN**

BY-LAWS OF THE BANK OF CHOSEN

As Revised February 20, 1917, April 17, 1918,
August 20, 1918, and February 17, 1920.

CHAPTER I

GENERAL PROVISIONS

Art. 1.—The Bank shall be established by the Bank of Chosen Act; Law No. 48, 1911, and be called Chosen Ginko which, in English, shall be the Bank of Chosen.

Art. 2.—The object of the Bank shall be to carry on banking business in accordance with the Bank of Chosen Act.

Art. 3.—The Bank shall have its head office in Seoul.

Art. 4.—The Bank is authorized to establish branches or agencies in such places as deemed necessary, with the sanction of, or by order of, the Governor-General of Chosen.

Art. 5.—The Bank is further authorized to enter into correspondence with other banks subject to the sanction of the Governor-General of Chosen.

Art. 6.—The duration of the Bank shall be fifty years from the day on which its establishment is registered. Such duration may, however, be prolonged by a resolution passed at a general meeting of shareholders and with the sanction of the Government.

Art. 7.—Public notifications of the Bank shall be made in the Official Gazettes and in certain newspapers, the choice of which shall be made by the Governor of the Bank and publicly notified in the Official Gazettes.

CHAPTER II

CAPITAL AND SHARES

Art. 8.—The capital of the Bank shall be eighty million yen which shall be divided into eight hundred thousand shares of one hundred yen each. Such capital may, however, be increased by a resolution passed at a general meeting of shareholders and with the sanction of the Government. (Revised February, 1917, August, 1918, and February, 1920.)

Art. 9.—The share-certificates of the Bank shall each bear thereon the name of the holder.

None but Japanese subjects shall be entitled to become shareholders of the Bank.

Art. 10.—Thirty thousand of the shares of the Bank shall be subscribed for by the Government.

Art. 11.—The share-certificates of the Bank shall be of six classes, representing respectively one share, five shares, ten shares, fifty shares, one hundred shares, and one thousand shares.

Art. 12.—When a shareholder has made payment of the first call on his share, he shall be given a receipt which shall afterwards be exchanged for a share-certificate.

Upon each payment, the share-certificate shall have the amount of the payment inscribed thereon and the seal of the Governor attached thereto.

Art. 13.—The amount of the first call on the shares in the capital of the Bank shall be one quarter of the whole capital.

Art. 14.—The date, manner, and amount of the second and later calls shall be fixed by the Governor according to the requirements of business, and notice thereof shall be given publicly and to each shareholder at least two weeks beforehand, with the proviso that the amount of each call shall not exceed twenty-five yen per share.

Art. 15.—If a shareholder neglects to pay any call on his share, compensation at the rate of four sen a day for every hundred yen shall be collected on the whole amount

in arrear computed from the day following that appointed for payment thereof to the day of the actual payment.

Art. 16.—A shareholder and his legal proxy shall each file a specimen of his seal at, and notify his address to, the Bank, and shall do the same whenever a change is made in either or both of such seal and address, and when the Bank requests him to furnish proof as to his seal or the limits of power of his proxy, he shall take proper steps in compliance therewith.

Art. 17.—In case a shareholder assigns his shares to another person, he shall have the share-certificates signed and sealed by both persons concerned on the back thereof, and file them at the Bank with a written application under their joint signatures for the alteration of the holder's name.

On receiving such application, the Bank shall proceed to make due entry in the Register of Shareholder and have the certificates signed and sealed by the Governor on the back thereof, after which they shall be returned.

When the shares have been acquired by inheritance or legacy, the acquirer only is required to sign and seal on the back of the certificates and annex thereto a formal document in proof of his claim.

Art. 18.—When a share-certificate of the Bank has been destroyed, the shareholder may apply for the issue of a new certificate by filing at the Bank a document stating the particulars of the fact, together with the class, amount, and serial number of the certificate in question, and attested by two or more witnesses approved by the Bank.

On receiving such application, if the Bank finds the evidence satisfactory, it shall deliver a new certificate. If not, provisions relating to share-certificates lost or stolen shall apply.

Art. 19.—When a share-certificate of the Bank has been lost or stolen, the shareholder may apply for the issue of a new certificate by filing at the Bank a document in which the class, amount, and serial number of the certificate in question are stated in detail.

On receiving such application, the Bank shall advertise

the fact at the expense of the applicant, and, after a month has elapsed, shall deliver a new certificate, causing the applicant to produce two or more witnesses approved by the Bank.

If, during the period mentioned in the preceding paragraph, the applicant has discovered the lost certificate, he shall at once notify the fact to the Bank, and the Bank shall advertise it as prescribed in the preceding paragraph.

Art. 20.—If a protest has been lodged in regard to a certificate reported to the Bank as destroyed, lost, or stolen, the Bank may not deliver a new certificate except in accordance with the final judgment given at the Court.

Art. 21.—When a share-certificate has been soiled or damaged, the shareholder may apply for the issue of a new certificate by filing at the Bank a document stating the particulars of the fact together with the certificate in question.

On receiving such application, if the Bank on examination recognizes the genuineness of the certificate, it shall deliver a new one. In case its genuineness can not be proved, provisions relating to share-certificates lost or stolen shall apply.

Art. 22.—When applied for by shareholders, the Bank shall change share-certificates from one class into another. In such case, the applicant is required to pay a fee of twenty sen for each new certificate.

Art. 23.—The Bank shall collect from the applicant a fee of five sen a copy for alteration of the holder's name, and of twenty sen for the delivery of a new certificate on account of the old one being destroyed, lost, stolen, soiled, or damaged.

Art. 24.—The Bank shall suspend the alteration of the holder's name on a share-certificate for a period of not more than one month prior to an ordinary general meeting of shareholders, and public notice thereof shall be given beforehand.

The provisions of the preceding paragraph may also apply correspondingly to an extraordinary general meeting of shareholders. (Added February, 1917.)

CAPTER III

DIRECTORS

Art. 25.—The Bank shall have one Governor, one Deputy Governor, three Directors or more, and two Auditors or more. (Revised April, 1918.)

Art. 26.—The Governor and the Deputy Governor shall be appointed by the Government, and their term of office shall be for five years. (Revised April, 1918.)

The Directors shall be appointed by the Governor-General of Chosen from among twice as many candidates who have been elected to that office at a general meeting of shareholders from among shareholders holding one hundred shares or more, and their term of office shall be for three years.

The Auditors shall be elected at a general meeting of shareholders from among shareholders holding fifty shares or more, and their term of office shall be for two years.

If any vacancy occurs in the office of Director or Auditor, a general meeting of shareholders shall be called and a by-election held to fill the vacancy. Such by-election may, however, be postponed to the next general meeting of shareholders, when sanctioned by the Governor-General of Chosen.

Art. 27.—The Directors shall each be required to deposit with the Auditors one hundred of their shares during their term of office.

The shares mentioned in the preceding paragraph shall not be returned to the Directors, even though they have resigned their posts, until the report of accounts for the current term has been approved by the general meeting of shareholders.

Art. 28.—The powers and duties of the Governor shall be as follows:

1. The Governor shall represent the Bank in all its affairs.

2. He shall execute all the business of the Bank in conformity with the provisions of Laws, Ordinances, and

By-Laws, and with resolutions passed at general meetings of shareholders and by the Board of Directors.

3. He shall be chairman of the general meetings of shareholders and of the Board of Directors.

Art. 29.—The Deputy Governor shall act for the Governor when the Governor is prevented from attending to his duties, and shall discharge those duties when the office of Governor is vacant. (Revised April, 1918.)

Art. 30.—The Deputy Governor and the Directors shall assist the Governor and undertake the sectional management of the business of the Bank under his direction. (Revised April, 1918.)

Art. 31.—The Auditors shall inspect the business of the Bank.

Art. 32.—The annual salaries of the Governor, Deputy Governor, and Directors shall be as follows :

1. Governor.....	Yen 6,000
2. Deputy Governor	„ 4,500
3. Directors: 1st class.....	„ 4,000
2nd class	„ 3,000
(Revised April, 1918.)	

The salaries of the Auditors shall be fixed by a resolution passed at a general meeting of shareholders.

An allowance may be granted to the Governor, Deputy Governor, and Directors, and the amount thereof shall be fixed by the Governor-General of Chosen. (Revised April, 1918.)

CHAPTER IV

BOARD OF DIRECTORS

Art. 33.—The Board of Directors shall consist of the Governor, Deputy Governor, and Directors. (Revised April, 1918.)

Art. 34.—The Board of Directors shall decide important business of the Bank.

Art. 35.—A meeting of the Board of Directors shall be called by the Governor in case of necessity.

No meeting of the Board of Directors shall be opened unless at least half of the members are present, but a matter requiring urgent execution may be decided upon by those present, even if a quorum is not reached on account of the majority of the members being absent owing to illness, travel, or other causes: Provided that the matters decided upon at such meetings shall be reported at the next meeting of the Board.

A decision of the Board shall be made by a majority of votes, and, in case of a tie, the chairman shall decide.

Art. 36.—The matters decided upon at a meeting of the Board of Directors shall be recorded in the Minutes of Resolutions, which shall be signed and sealed by the members present.

CHAPTER V

GENERAL MEETING OF SHAREHOLDERS

Art. 37.—The general meetings of shareholders shall be of two kinds, viz.: ordinary and extraordinary.

Art. 38.—The ordinary general meeting of shareholders shall be held twice a year, viz.: in February and August. The date, hour, place, and object of the meeting shall be fixed by the Governor, and notice thereof shall be sent to each shareholder at least two weeks before the date of the meeting.

Art. 39.—An extraordinary general meeting of shareholders shall be called in the following cases only. The date, hour, and place shall be fixed by the Governor, and notice thereof, with the object of the meeting, shall be sent to each shareholder at least two weeks before the date of the meeting.

1. When the Governor deems it necessary.
2. When all the Auditors as a body require such a meeting, specifying the object for which the meeting is to be called.
3. When shareholders representing in the aggregate at least one-fifth of the capital require such a meeting and

present a written request in which the object of the meeting and the reason for its call are stated.

On receiving such requests as mentioned in Items 2 and 3 of the preceding paragraph, the Governor shall proceed to call the meeting within two weeks after such requests have been made.

Art. 40.—The voting power of a shareholder shall be one vote for each share held by him up to ten shares, and one vote for every ten shares over and above the first ten shares.

Art. 41.—A shareholder may cause a proxy to be present at the general meeting of shareholders, and, through him, exercise his right of voting: Provided, however, that the proxy be either a legal proxy or a shareholder of the Bank.

The officials and employees of the Bank shall not, under any circumstances, be allowed to act as proxies except as legal proxies.

Art. 42.—All resolutions at a general meeting of shareholders shall be passed by a majority of the votes of the shareholders present. In case of a tie, the chairman shall decide. But a resolution to alter the By-Laws shall only be passed by a majority of the votes of the shareholders present and representing in the aggregate at least half the amount of the capital.

Art. 43.—Resolutions passed at a general meeting of shareholders shall be recorded in the Minutes of Resolutions, which shall be signed and sealed by the Governor, Deputy Governor, Directors, and Auditors. (Revised April, 1918.)

Art. 44.—The List of Shareholders present at a general meeting shall be signed and sealed by the Governor, Deputy Governor, Directors, and Auditors, and be attached to the Minutes of Resolutions. (Revised April, 1918.)

CHAPTER VI

BUSINESS

Art. 45.—The business of the Bank shall be as follows:

1. Discounting of bills of exchange and other commercial bills;

2. Collection of bills for companies, banks, or individual marchants, who are regular customers of the Bank ;
3. Dealing in bills of exchange with or without documents ;
4. Making of loans on security of a reliable nature ;
5. Receiving of deposits or making of advances in current accounts ;
6. Safe custody of gold and silver coins, other precious metals, and documents ;
7. Buying and selling of gold and silver bullion, and exchange of coins and moneys ;
8. Trust business. (Added April, 1918.)

The Bank may, besides the business mentioned in the preceding paragraph, purchase, according to the requirements of business, National Loan Bonds, Local Loan Bonds, and other negotiable bonds of a reliable nature as defined by the Governor-General of Chosen.

Art. 46.—The Bank may, in addition to the business mentioned in the preceding Article, engage in the following business subject to the sanction of the Governor-General of Chosen :

1. Making of loans to public bodies without security ;
2. Acting as agent of other banks.

Art. 47.—The Bank may also transact business concerning the receipts and disbursements of Treasury money when so entrusted by the Bank of Japan.

Art. 48.—The Bank shall not be allowed to engage in any business not provided for in these By-Laws except under orders of the Governor-General of Chosen.

Art. 49.—The Bank shall not be allowed to possess any movables or immovables except those necessary to business or those which have come into the possession of the Bank in satisfaction of its claims.

The movables, taken over by the Bank in satisfaction of its claims, shall be sold within six months, and the immovables, within a year. Such sale may, however, be postponed if there are no purchasers, or, should there be

purchasers, if the prices offered are not acceptable, always subject to the sanction of the Governor-General of Chosen.

Art. 50.—The Bank shall not grant loans under any circumstances to the officials or employees of the Bank.

CHAPTER VII

BANK-NOTES

Art. 51.—The Bank shall issue bank-notes.

Art. 52.—The notes of the Bank shall be exchanged for gold coin or Bank of Japan Notes any time during business hours at the head office and branches. The exchange at the branches may, however, be postponed pending arrival of reserves from the head office.

Art. 53.—The Bank shall provide the same amount of reserve in gold coin, gold and silver bullion, or Bank of Japan Notes as that of the notes issued : Provided, however, that the silver bullion shall not exceed one quarter of the whole amount of the reserve.

The Bank may, in addition to the issue on the reserve mentioned in the preceding paragraph, issue notes on the security of National Loan Bonds, or of other bonds or commercial bills of a reliable nature, to the extent of fifty million yen. (Revised April, 1918.)

Art. 54.—Further, according to the condition of the market, the Bank may, in addition to the issue provided for in the preceding Article, issue notes on the security of such bonds or bills as mentioned in the second paragraph of the preceding Article, always subject to the sanction of the Governor-General of Chosen.

Art. 55.—The value to be placed on gold and silver bullion held in reserve, and on National Loan Bonds and other bonds held as security mentioned in the preceding two Articles, shall be fixed with the sanction of the Governor-General of Chosen.

Art. 56.—The Bank shall publish in the Official Gazettes a weekly average returns on the amount of the notes issued and of the reserves held against such notes.

CHAPTER VIII

ACCOUNTS

Art. 57.—The business terms of the Bank shall be from January to June, and from July to December. At the end of each business term accounts shall be balanced.

After the balancing of accounts mentioned in the preceding paragraph, the Governor shall submit to the ordinary general meeting of shareholders an inventory, a balance sheet, a report on the Bank's business, an account of profits and losses, and proposals relating to the distribution of profit.

Art. 58.—With regard to the manner in which profits shall be distributed, the net profit, obtained by deducting business and other expenses and losses from the gross profits, shall be distributed as follows :

1. To the reserve fund for providing against losses 8 per cent. or more.
2. To the reserve fund for equalizing dividends 8 per cent. or more.
3. To bonuses and allowances for officials 10 per cent. or less.
4. The balance left, after deducting the amounts appropriated to the preceding three items from the net profit plus the amount brought forward from the preceding term, shall be distributed at the rate of six per cent. per annum on the paid-up capital.

If there is any balance left, after deducting all the amounts appropriated according to the preceding paragraph from the net profit plus the amount brought forward from the preceding term, such balance shall be distributed as additional dividends on the paid-up capital, or be set aside as special reserve, or be carried to the next term.

If the balance left, after deducting the amounts appropriated to Items 1, 2, and 3 in the first paragraph of this Article from the net profit, exceeds the rate of twelve per cent. per annum on the paid-up capital, half the amount of such excess shall be paid to the Government.

Art. 59.—Until the amount of the profit to be distributed as dividend by the Bank has reached the rate of six per cent. per annum for each business term on the shares other than those taken by the Government, no dividend shall be paid on those taken by the Government, but the whole amount shall be distributed as dividend on the other shares.

Art. 60.—If the dividend by the Bank does not reach the rate of six per cent. per annum on the shares other than those taken by the Government, the Bank shall be subsidized by the Government by the amount necessary to enable the dividend to reach that rate for a period of five years computed from the last day of the inaugurating term.

Art. 61.—If the dividend by the Bank does not reach the rate of six per cent. per annum on all its shares, a dividend of six per cent. shall first be paid on the shares other than those taken by the Government, and the balance on those taken by the Government.

Art. 62.—The Bank shall distribute profits to its shareholders only after the sanction of the Governor-General of Chosen has been obtained for such distribution.

The profits shall be distributed to shareholders who are such on the day of the general meeting at which such distribution has been resolved upon.

The date for the payment of dividends shall be fixed by the Governor and be notified to the shareholders.

SUPPLEMENTARY PROVISIONS

Art. 63.—Of the capital of the Bank, ten million yen was added by virtue of the resolution passed at the general meeting of shareholders held on February 20, 1917, twenty million yen, by virtue of that at the general meeting on August 20, 1918, and forty million yen, by virtue of that at the general meeting on February 17, 1920; in either of the first and second cases, thirty thousand new shares with the face value of three million yen and in the third case twenty thousand shares with the face value of two million yen were issued above par. (Added February, 1917, and revised August, 1918, and February, 1920.)

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